

In The Matter Of:

*Senate Committee on Governmental Affairs
Special Investigation*

Deposition of Richard Richards, Esq.

Vol. 1, June 10, 1997

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UNITED STATES SENATE
 COMMITTEE ON GOVERNMENTAL AFFAIRS
 In the Matter of:
 SPECIAL INVESTIGATION
 Washington, D.C.
 Tuesday, June 10, 1997

The deposition of RICHARD RICHARDS, ESQ., called for examination by counsel for the United States Senate, Committee on Governmental Affairs, at Suite 410, 1025 Thomas Jefferson Street, N.W., Washington, D.C., commenced at 12:35 p.m., before Emma N. Lynn, a notary public in and for the District of Columbia, when were present on behalf of the parties:

APPEARANCES:

On Behalf of the Committee
 on Governmental Affairs:

ALAN I. BARON, ESQ.

Chief Counsel

DAVID MCKEAN, ESQ.

Counsel

LISA ROSENBERG, ESQ.

Counsel

Special Investigation - Minority Staff

United States Senate

Committee on Governmental Affairs

193 Russell Senate Office Building

Washington, D.C. 20510

(202) 224-4081

and

PHILIP PERRY, ESQ.

JAMES A. BROWN, ESQ.

Counsel

Special Investigation - Majority Staff

United States Senate

Committee on Governmental Affairs

100 Russell Building

Washington, D.C. 20510

(202) 224-2000

On Behalf of the Deponent:

BENTON L. BECKER, ESQ.

The Kendar Building

1550 Madruga Avenue

Suite 329

Coral Gables, Florida 33146

(305) 662-4099

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PROCEEDINGS
 Whereupon,
 (1) RICHARD RICHARDS, ESQ.
 (2) was called for examination by counsel for Minority Staff and,
 (3) having been first duly sworn by the notary public, was
 (4) examined and testified as follows:
 (5) EXAMINATION BY COUNSEL
 (6) FOR THE MINORITY STAFF
 (7) BY MR. BARON:
 (8) Q: Would you state your name for the record, please.
 (9) A: Richard Richards.
 (10) Q: Mr. Richards, my name is Alan Baron. I'm chief
 (11) counsel on behalf of the Minority for the Governmental
 (12) Affairs Special Investigation.
 (13) And I understand you have voluntarily appeared
 (14) today to give your deposition. You have been interviewed for
 (15) several hours this morning in the presence of both the
 (16) Majority and Minority counsel, is that correct?
 (17) A: That's correct.
 (18) MR. BARON: We are now going to proceed with your
 (19) sworn statement.
 (20) MR. PERRY: I have a couple quick matters. My name
 (21) is Philip Perry, Majority counsel. As a matter of
 (22) housekeeping, a subpoena did issue related to this. I
 (23) understand it wasn't served. But I also understand that the

rules, document protocols and confidentiality the Committee abides by applies to this deposition.

MR. BARON: I understand your position. It may not be the position of the Minority.

MR. PERRY: Thank you.

Number two, rather than interrupt Mr. Baron's questioning today, I would like to address an issue of scope very briefly. My understanding is that some issues that are addressed today will apply to matters that are not part of the 1996 election cycle. To the extent that Mr. Baron addresses those matters, I am going to raise an objection with respect to scope which we can discuss later. But rather than interrupt him during his questioning, I would like to make that objection now.

BY MR. BARON:

Q: Mr. Richards, would you tell us, first of all, where do you live, sir.

A: I live in Ogden, Utah, 4612 Jefferson Avenue.

Q: Are you employed presently?

A: Self-employed. Semi-retired.

Q: What is your profession?

A: I am a lawyer.

Q: And where did you go to school?

A: University of Utah.

Q: When did you graduate?

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A: I graduated in 1961.

Q: Was that from law school or undergraduate?

A: That was law school.

Q: Just briefly your work history after you became a lawyer. What did you do?

A: I got my license in, I think, January of '61. I went to work with a small law partnership for about six months. Then I quit the partnership and hung out my own shingle and practiced alone until about 1963, at which time I took a job in Washington, D.C. as legislative and later administrative assistant to the Congressman from my district.

Q: Who was that?

A: Lawrence Burton.

Q: And when that job terminated, what did you do?

A: Returned to my law practice in Ogden and remained at the law practice until 1968, at which time I took a job with the Republican National Committee as director of the political division and later as the deputy chairman under Rog Morton and then Senator Dole.

Q: What positions did you hold with the Republican National Committee?

A: I was - first I came as head of party development. I was later promoted to the political director and later promoted to deputy chairman.

Q: Did there come a time when you held a position as

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head of the Republican National Committee?

A: Yes. That was in 1981.

Q: And for what period of time did you hold that position?

A: I held it for one term, two years.

Q: So thereafter what did you do?

A: After I left the Republican National Committee, I opened an office in Georgetown where I practice law.

Q: Georgetown in Washington?

A: Washington, D.C.

Q: What in general was the nature of your practice?

A: It was primarily Government relations, lobbying.

Q: And did you maintain that practice in Washington for some period of time thereafter?

A: Until 1993, at which time I returned to my home in Utah.

Q: In the course of your career, did you have occasion to come to meet an individual by the name of Ambrous Young, A-M-B-R-O-U-S-Y-O-U-N-G?

A: Yes. I met Mr. Young I think sometime in 1982, maybe 1983. Something in that period of time.

Q: What were the circumstances?

A: It was a social introduction. I think that I was on a Government-sponsored Taiwan/Republic of China sponsored trip to Taiwan when I was chairman of the National Committee.

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(1) and I think while I was there I met Mr. Young, either in (2) Taiwan - I didn't meet him. On the telephone, I had a (3) telephone introduction to him either when I was in Taiwan or (4) Hong Kong.

(5) Q: Did there come a time thereafter when you had (6) further relationship with Mr. Young either that went beyond (7) the mere social into either a business relationship or a (8) lawyer-client relationship?

(9) A: Yes. It was a business relationship primarily.

(10) Q: Without going into any detail, can you give me some (11) broad sense of the nature of that relationship?

(12) A: Mr. Young at that time was probably more engaged in (13) the aerospace industry than any other particular item, (14) although he was doing many other things, and I assisted him (15) on some aerospace projects.

(16) Q: I believe this morning you gave one specific (17) example relating to Sikorsky Helicopter?

(18) A: Yes.

(19) Q: Can you tell us very briefly so we can get some (20) sense of the business relation?

(21) A: At the time Sikorsky was trying to sell their (22) helicopter to Taiwan and our State Department, Defense (23) Department, Commerce Department wouldn't let them buy it, and (24) they were about to make a purchase from Agusta, which is an (25) Italian helicopter firm, and I was asked by Sikorsky to see

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(1) if I could get our Government to allow them to make that (2) sale.

(3) And I lobbied them for that purpose and the (4) Government allowed the sale both to Taiwan and the People's (5) Republic of China.

(6) Q: Did Mr. Young or his company have some role in (7) that?

(8) A: Yes. Mr. Young was a commission agent for Sikorsky (9) in Taiwan.

(10) MR. BECKER: Mr. Young or Mr. Young's company?

(11) THE WITNESS: Mr. Young's company.

BY MR. BARON:

(12) Q: Could you tell us, first of all, does Mr. Young (13) have a company based in Hong Kong?

(14) A: Yes.

(15) Q: What's the name of that company?

(16) A: I think he has two.

(17) A: I think he called one Young Brothers Development (18) and Young Brothers Development (Hong Kong). One is Young (19) Brothers Development and one is Young Brothers Development (20) (Hong Kong).

(21) Q: Let me direct your attention to the middle of 1991.

(22) Did you become aware of any business venture that Mr. Young (23) through his Hong Kong company or companies was interested in (24) pursuing in the United States? (25)

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(1) A: In 1991?

(2) Q: Yes.

(3) A: Not that I know of. Not that I recall.

(4) Q: Let me see if I can refresh your recollection. Is

(5) there a possible shopping center deal with Courtelis? Does (6) that refresh your recollection?

(7) A: Yes.

(8) Q: Can you tell us about that briefly?

(9) A: There was a gentleman by the name of Alec Courtelis (10) who is a resident of the state of Florida who somehow (11) contacted Mr. Young and asked him to participate in a joint (12) venture in a strip mall shopping center in Orlando. I think (13) Courtelis was already the owner and he was trying to find (14) somebody to buy a piece of his interest.

(15) Q: Did that come to your attention in some way?

(16) A: Ambrous Young brought it to my attention.

(17) Q: What was your role in that?

(18) A: Very little. I went to Orlando with Mr. Young and (19) with his counsel, Benton Becker, had a meeting with Mr. (20) Courtelis. We were planning on that occasion for Mr. Young (21) to close in the transaction to purchase an interest in it. (22) However, he had requested an independent appraisal and the (23) independent appraisal was given to him, as I recall that very (24) morning, and the appraisal was quite inconsistent with the (25) one that Mr. Courtelis had previously given him and he backed

(1) out of the deal.
 (2) MR. BECKER: Counsel, I don't like to interrupt.
 (3) but you said you went to Orlando. Did you mean you went to Orlando for a meeting or to Miami?

BY MR. BARON:

(4) Q: What's your best recollection?
 (5) A: I thought it was in Miami.
 (6) MR. BECKER: You said Orlando.
 (7) THE WITNESS: I said Orlando?
 (8) MR. BECKER: Yes.
 (9) THE WITNESS: Was that Orlando or Miami?
 (10) MR. BECKER: Miami.
 (11) THE WITNESS: I know we didn't go to Disney World when we were there.

BY MR. BARON:

(12) Q: Was any entity created for the purpose, any corporate entity created for the purpose of consummating the shopping center deal which you have now described that did not actually go through?
 (13) A: Yes. It was called Young Brothers (USA).
 (14) Q: What was your connection, if any, with Young Brothers (USA)?
 (15) A: I was an officer of the corporation. I think I was the president. May not have been at that time. And Mr. Benton Becker was counsel for Ambrous Young and he

(1) incorporated the company in Florida specifically for the purpose of buying that property.
 (2) Q: At that time did Young Brothers (USA) have any assets of its own?
 (3) A: No.
 (4) Q: We have had testimony on this, but you may or may not know. The money that was to be used as a potential either earnest money or down payment for the purchase, to participate in the joint venture in the shopping center, do you know whether monies were forwarded to Young Brothers (USA) for that purpose?

(5) A: Yes.
 (6) Q: Where did they come from?
 (7) A: Young Brothers in Hong Kong.
 (8) Q: Do you know approximately how much money was involved in that?
 (9) A: A little over \$2 million.
 (10) Q: When the deal did not go through, as you described, am I correct that the monies that had been transferred to Young Brothers (USA) were sent back to Young Brothers (Hong Kong)?
 (11) A: Yes, I believe that's true.
 (12) Q: Now, Mr. Courtelis, did he have any connection at that time with the Republican Party?
 (13) A: He was involved with the finance department,

(1) finance committee of the Republican National Committee. I don't know his title, but he had a title.
 (2) Q: I am going to show you three checks which have previously been marked in connection with Mr. Becker's deposition as Becker Exhibits 7 and 8 and take a look at those.
 (3) A: Yes.
 (4) Q: Does your handwriting appear on any of those checks?
 (5) A: Yes. I am a signatory with Benton Becker on both of them.
 (6) Q: Becker Exhibit 7 has two checks on it, one for \$25,000 payable to the Republican Party of Florida, dated November 19th, 1991 and then another check payable to the Republican National State Election Committee in the amount of \$75,000 dated the same date, November 19th, 1991. Did you have anything to do with the solicitation of this money? By the way, they are drawn on the accounts of the Young Brothers Development (USA). Did you have anything to do with the solicitation of these funds?
 (7) A: No.
 (8) Q: Do you know who solicited the funds?
 (9) A: Mr. Courtelis solicited the funds from Mr. Young.
 (10) Q: Do you know why the checks were made out to these particular payees?

(1) A: I understood either at that time or shortly thereafter that was Mr. Courtelis's suggestion. He wanted \$25,000 for the Florida party, because he lived in Florida. And the other money he had made out to the State Election Committee so it would be treated as soft money.

(2) Q: Is it fair to state that at this time, given the fact that Young Brothers Development (USA) had no assets of its own, that the funds which supported these two checks came from the Hong Kong corporation?

(3) A: That's correct.
 (4) MR. BARON: Off the record.
 (5) (Discussion off the record.)
 (6) (Richards Exhibits Nos. 1 and 2 were marked for identification.)

BY MR. BARON:

(7) Q: I am going to show you a check in the amount of \$2400 dated July 20, 1992 payable to the order of RNSEC "Registration Team 100 Member."

(8) Does your signature appear on that?
 (9) A: Yes.
 (10) Q: Do you know what the circumstances were for the creation of this check?
 (11) A: I don't know for certain. My best belief is that this was a further solicitation of the same contribution to Mr. Courtelis for the convention registration. This was to

(1) play some role or have some seats or some benefit at the convention.
 (2) MR. BARON: I would like to show you what has been marked previously as Becker Exhibit 9 and have it marked here as Richards Exhibit 3.
 (3) (Richards Exhibit No. 3 was marked for identification.)

BY MR. BARON:

(4) Q: Showing you Richards Exhibit No. 3, it has on it two checks, one payable to the RNC in the amount of \$20,000, dated June the 14th, 1993 and one payable to the order of RNSEC in the amount of \$5,000 of the same date, June 14th, 1993.

(5) Do you recognize those checks?
 (6) A: Yes.
 (7) Q: Is that your signature on those checks?
 (8) A: Yes.
 (9) Q: What are those checks for as far as you know?
 (10) A: I'm assuming here that this is the next year's installment on the Team 100.

(11) Q: Did you solicit these checks from Young Brothers Development?
 (12) A: No.
 (13) Q: Is it fair to say, sir, at this time in June of '93 as far as you know Young Brothers Development did not have

(1) \$25,000 of its own cash to support these checks? Is that true?
 (2) A: I suppose that's true, yes.
 (3) Q: And the monies for these would have come from Young Brothers (Hong Kong), presumably?
 (4) A: Yes.
 (5) Q: During the time that you were connected with the Republican Party, did you have occasion to meet an individual by the name of Haley Barbour, B-A-R-B-O-U-R?
 (6) A: Yes.
 (7) Q: When did that first occur, as best you know?
 (8) A: I think it probably occurred in 1982, sometime.
 (9) Q: What were the circumstances?
 (10) A: He was recommended to me to be a deputy chairman of the Republican National Committee.
 (11) Q: By whom?
 (12) A: By James Baker.
 (13) Q: Who was Mr. Baker?
 (14) A: James Baker at that time was the chief of staff of the White House.
 (15) Q: And did you retain the services of Mr. Barbour in that capacity?
 (16) A: No.
 (17) Q: Why not?
 (18) A: Well, I didn't like the idea that the White House

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was trying to put one of my top officers in my committee, so I turned him down.

Q: When was the next time that you had any contact with Mr. Barbour, as best you can recall?

A: Barbour asked me prior to the time he was elected chairman if I would assist him in his campaign by contacting members of the National Committee that I knew to give him a recommendation.

Q: And did you do that?

A: Yes.

Q: And when was that?

A: Well, it was when he ran for the chairmanship and I presume that would have been - let's see, he left in '97. It would have been '95, following - excuse me - it would have been following the '92 election. It would have been early '93 or late '92, sometime in that period.

Q: And you supported his candidacy, correct?

A: Yes.

Q: And it was successful?

A: Yes.

Q: Did there come a time after that when Mr. Barbour had any contact with you?

A: Yes. Prior to the 1994 congressional race, I would guess three or four months prior to that time, I received a telephone call from Haley Barbour.

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Q: That telephone call, had you gotten any indication from someone that Mr. Barbour was going to call you?

A: I may have and if I did, it would have come from Mr. Fred Volcansek. I don't have a specific recollection.

Q: Can you tell us who Mr. Volcansek is?

A: Fred Volcansek was a fellow who I knew had previously been involved in the advance office of one of the Republican Presidents, I believe George Bush, who is also a consultant, political operative of some kind with offices in Washington, and I provided him with office space and some other favors when he started this consulting business.

Q: Was he a business joint venture or partner with you in anything?

A: No. No, just a friendly gesture to provide him some help.

MR. BARON: Could we have this marked as Richards No. 4. This is Becker 13. It is the talking points.

(Richards Exhibit No. 4 was marked for identification.)

BY MR. BARON:

Q: Mr. Richards, I am going to show you what has been marked as Richards No. 4, previously marked as Becker No. 13. It is a document on the letterhead of Frederick W. Volcansek, V-O-L-C-A-N-S-E-K, dated July 23, 1994 headed "Talking Points for Haley Barbour."

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Have you ever seen that document before?

A: Not until a couple days ago.

Q: What is your understanding of what it is?

A: Well, it purports to be talking papers for Haley Barbour prepared by Fred Volcansek.

Q: With whom was Mr. Barbour going to be talking, as far as you know?

A: It appears he is suggesting, Fred Volcansek is suggesting Haley talk to me.

Q: You were going to be the object of this conversation, correct, as far as you know?

A: As far as I know.

Q: Were you aware of this document or any of the fact that this planning had been gone into, had been undertaken prior to Mr. Barbour sitting down talking to you or having any conversation with you?

A: No.

Q: That was an assumption on my part he sat down. Did you meet with him physically around this time?

A: Haley Barbour, no.

Q: Did you have a telephone conversation?

A: Yes, I had a telephone conversation.

Q: Can you describe for us the content of that telephone conversation?

A: Here, again, it would be in July, August,

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11) September, sometime in the period, I received a telephone call from Haley Barbour to my office in Ogden, Utah.

12) Chairman Barbour identified himself and said, we have taken some political surveys, public opinion polls and it appears 13) that we have an opportunity to pick up as many as 60 seats in 14) the House of Representatives that we did not anticipate 15) months back. We need money to do that. And we find 16) ourselves in the position where we at the RNC have loaned the 17) National Policy Forum \$3 million of hard money that we could 18) use in those campaigns; but if we pull that money away from 19) the Policy Forum, they won't be able to pay their overhead 20) and other things and, therefore, we need to borrow money for 21) the forum so that we can free up our hard dollars. We need 22) to put some soft dollars in the Forum so we can free up hard 23) dollars.

14) Q: What did he want you to do about that?

15) A: And I presume - and there I am just assuming that - that he told me Fred Volcansek has told me of your 16) association with a Mr. Ambrous Young who has the capacity to 17) do this and who has previously benefited the party. Would 18) you see whether he would loan us money for that purpose. And 19) he spoke in terms of \$3.3 million.

20) Q: I take it you had never discussed Ambrous Young 21) with Haley Barbour prior to this telephone call. Is that 22) correct?

1) A: That's correct.

2) Q: Am I also correct that Mr. Volcansek in some 3) fashion may have been aware of the fact that you did have 4) this relationship with Mr. Ambrous Young?

5) A: Yes.

6) Q: I take it you shared office space with Mr. 7) Volcansek?

8) A: Right.

9) Q: I take it your relationship with Ambrous Young was 10) no secret?

11) A: That's correct.

12) Q: Can you characterize for us generally the nature of 13) your relationship with Mr. Young apart from the fact that you 14) were involved in business deals with him? I am talking 15) really in terms of the level of truce between you.

16) A: He would say, you're my friend. I consider you to 17) be my friend. You are not my lawyer. You're my friend.

18) And he had trust in me and I had trust in him. I 19) had encouraged him to participate in Republican politics, 20) giving money to the Republicans abroad and other entities of 21) the party. So he would rely upon my advice and make 22) contributions or whatever the case may be.

23) Q: Who is Steve Richards?

24) A: Steve Richards is my nephew.

25) MR. BARON: Could we have this marked. I am

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1) looking at Becker 14. It is a letter dated July 28th, 1994 2) from Steve Richards to Ambrous Young.

3) THE WITNESS: And Steve Richards runs my Washington 4) office now called Commerce Consultants International.

5) (Richards Exhibit No. 5 was 6) marked for identification.)

7) BY MR. BARON:

8) Q: Mr. Richards, would you take a look at what has 9) been marked Richards No. 5. It is a letter dated July 28, 10) 1994 from Steve Richards to Ambrous Young.

11) A: Yes.

12) Q: First of all, are you familiar with that letter?

13) A: I don't recall having seen it until the last few 14) days, but I don't deny that I saw it. I can't recall having 15) done so.

16) Q: Let me direct your attention to the paragraph which 17) says, "Again, I want to tell you that this effort is being 18) handled in a very select manner and the parties are all very 19) sensitive to discussing this effort with you personally in 20) the most appropriate circumstances."

21) Do you see that language?

22) A: Yes.

23) Q: Was it your understanding based on your contacts 24) with Mr. Young at that time - what understanding did you 25) have as to how he was being approached? I am speaking with

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(1) specific reference to that paragraph I just read from the
 (2) letter.
 (3) A: I raised the issue with Mr. Young about a potential
 loan, and Steve and Fred Volcansek and others associated with
 the Forum had a lot of discussions. They handled the
 (6) mechanical process of moving the proposal along and that's
 (7) one step in that proposal.
 (8) Q: Was it your understanding that Mr. Ambrous Young
 (9) was being treated sort of - he was being given a special
 (10) opportunity to participate and help the Republican Party at
 (11) this time?
 (12) A: Yes. That was it.
 (13) Q: Did you have any understanding at that time that
 (14) Mr. Volcansek had any arrangement with either the RNC or the
 (15) National Policy Forum to be compensated for any fund raising,
 (16) any fund raising that he did on behalf of any of those
 (17) entities?
 (18) A: I did not know he had any compensation. I assumed
 (19) he did not. If he was to be compensated for a loan that he
 (20) got from my client, it would have been offensive to me.
 (21) Q: You were not aware of any such arrangement at that
 (22) time?
 (23) A: No.
 (24) MR. BARON: Let me show you what has been marked
 (25) previously as Becker Exhibit 15 and this will be Richards No.

(1) Q: Did he make any representation as to what he would
 (2) be willing to do in the event that the National Policy Forum
 (3) found itself unable to pay off the loan or repay Mr. Young or
 (4) his companies in the event that they were called upon to pay
 (5) up?
 (6) A: Yes. He said that the Republican National
 (7) Committee would pay it, and if they didn't have the money, he
 (8) would go before the budget committee and secure permission to
 (9) borrow the money to pay the loan prior to his termination of
 (10) office.
 (11) Q: Now, did you ever attend a dinner with Mr. Ambrous
 (12) Young and others, including Mr. Barbour, which was an
 (13) opportunity for a people to meet one another in Washington?
 (14) A: Yes.
 (15) Q: Do you recall approximately when that it was?
 (16) A: It was shortly after the discussion I had with Mr.
 (17) Barbour, and I would say it was in the last quarter of '92
 (18) prior to the election.
 (19) Q: '92?
 (20) A: Excuse me. '94, last quarter of '94.
 (21) MR. BARON: Let me show you a document which has
 (22) previously been marked as Becker Exhibit 16. It is dated
 (23) Monday, August 29th, 1994 and why don't we mark that as
 (24) Richards No. 7.
 (25) (Richards Exhibit No. 7 was

(1) 6.
 (2) (Richards Exhibit No. 6 was
 (3) marked for identification.)
 (4) MR. BARON: It is a fax transmission, Steve
 (5) Richards to Benton Becker, and it has two pages behind it.
 (6) BY MR. BARON:
 (7) Q: I am referring to Becker No. 15 now marked Richard
 (8) No. 6. It is a fax transmission from Steve Richards to
 (9) Benton Becker, total of three pages, and behind it we have a
 document headed "National Policy Forum proposal for Ambrous
 Young," dated Monday, August 15th, 1994.
 (12) Do you see that?
 (13) A: Yes.
 (14) Q: Have you ever - look at the front page and it
 (15) says, "Dear Benton: Attached is a background on the RNC
 (16) issue provided by Fred Volcansek. Fred is a long time friend
 (17) of ours and he is the one that brought the RNC issue to us.
 (18) This is apparently part of the document Dick gave
 (19) to ATY."
 (20) ATY are the initials of Ambrous Young?
 (21) A: Yes.
 (22) Q: Do you recognize the attached document, that is,
 (23) the "Proposal for Ambrous Young"?
 (24) A: No.
 (25) Q: You have never seen it before?

(1) marked for identification.)
 (2) BY MR. BARON:
 (3) Q: I want you to take a look at that. It is dated
 (4) August 29th, '94 and the first paragraph says, "I was told by
 (5) Steve Richards last night that Ambrous was pleased by our
 (6) dinner meeting."
 (7) Would that be about the time that this dinner took
 (8) place? Does that refresh your recollection?
 (9) A: I would think the dinner took place within a couple
 (10) days prior to that. The day before was Sunday so it may have
 (11) been Saturday or Friday, but close to the time.
 (12) Q: By the way, Young Brothers Development (Hong Kong),
 (13) does Mr. Ambrous Young have a brother?
 (14) A: Yes.
 (15) Q: And Mr. Ambrous Young's brother to the best of your
 (16) knowledge, is he a citizen or not a citizen of the United
 (17) States?
 (18) A: I think he is a noncitizen. He lives in Taipei.
 (19) He practices law there and that's all I know about him.
 (20) Q: There was a time when Mr. Ambrous Young was an
 (21) American citizen, is that correct?
 (22) A: Yes.
 (23) Q: Did there come a time when he renounced his
 (24) citizenship?
 (25) A: Yes.

(1) A: I don't think I have seen it. And I doubt that I
 (2) ever gave it to Ambrous Young. But, you know, I may have
 (3) done it. I don't recall having done it.
 (4) Q: There is reference in the document, it says, "What
 (5) the NPF needs from you is a three year loan guarantee in the
 (6) amount of \$3.5 million to either Chase Bank or Citibank."
 (7) Did there come a time when the concept moved from a
 (8) loan to a loan guaranty that was being sought?
 (9) A: Yes. But I don't know when that time was. In my
 (10) mind I always considered it a loan. I didn't make the
 (11) distinction.
 (12) Q: When you spoke with Mr. Barbour back at the
 (13) beginning telephone conversation you told us about earlier,
 (14) did you have any discussion with him about what would happen,
 (15) I mean how would Mr. Young or his company be secured from any
 loss in the event that there were a default?
 (16) A: Yes.
 (17) Q: What was that discussion?
 (18) A: Haley told me that the Forum had money. The Forum
 (19) had commitments, pledges that were coming in in large
 (20) amounts, that it appeared to me sufficient to pay back the
 (21) loan, although the pledges wouldn't come until sometime
 (22) later, but I think he told me Coca-Cola was one and the names
 (23) were big and I was favorably impressed with their capacity to
 (24) perform.
 (25)

(1) Q: Best you recall, when was that?
 (2) A: Let me ask Benton. I think he knows.
 (3) MR. BECKER: I think the record shows statements by
 (4) me on that score, that it was at the end of December, 1993.
 (5) I don't necessarily associate myself with the word
 (6) "renounce." I associate myself with the word "retained"
 (7) exclusively his Hong Kong citizenship.
 (8) MR. BARON: End of '93?
 (9) MR. BECKER: Yes, December of '93.
 (10) BY MR. BARON:
 (11) Q: At the dinner was there any - was there any
 (12) discussion, by the way, with Mr. Barbour about Team 100
 (13) memberships in connection with Mr. Young, perhaps agreeing or
 (14) his company agreeing to do this loan guaranty?
 (15) A: I don't know whether the discussion took place with
 (16) Chairman Barbour or whether it was with Fred, but I had a
 (17) discussion with one of them about it.
 (18) Q: Just kind of elaborate on what that was.
 (19) A: The discussion was that they would provide Mr.
 (20) Young and his family with Team 100 memberships and any one of
 (21) the boys, Steve, Loren -
 (22) Q: Or Alan?
 (23) A: Or Alan or Ambrous himself could attend Team 100
 (24) events for the next couple of years.
 (25) Q: Without going in too much detail, can you describe

for us the nature of Team 100 events as you refer to them?

A: Team 100 events were a step up in prestige, speak from Eagle events, the 10,000, 15,000 giver. They are invited to participate in national conventions, in inauguration activities, and they probably have four other events in the course of the year in Washington, D.C. If you happen to have the White House, one of those events would be a White House reception. Others would be senatorial receptions, congressional receptions, that kind of thing.

Q: But when you are in Team 100, is that what you were describing just then?

A: Yes.

Q: I thought you were describing the Eagles.

A: They are a step up from the Eagles. They get everything the Eagle gets, plus some other things.

Q: Additional benefits, got you.

Do you recall any discussion either at the dinner or around that time of Mr. Young being given an opportunity, if he wished, to write one or more articles for a publication put out by the National Policy Forum?

A: Yes, I think that discussion took place the night of the dinner. I think it was an offer made by Haley to Ambrous.

MR. BARON: Let me show you what has been marked as Becker Exhibit 19, which we will mark as Richards No. 8.

letter dated August 30th, 1994, from Mr. Barbour to Mr. Young.

(Richards Exhibit No. 8 was marked for identification.)

BY MR. BARON:

Q: You see the reference in there to Mr. Young being contacted about writing an article?

A: Yes.

MR. BARON: I want to show you what has also been marked as Becker Exhibit 20. It is a letter dated the same day, August 30, '94 from Mr. Barbour to Mr. Benton Becker. Can we have that marked as Richards No. 9.

(Richards Exhibit No. 9 was marked for identification.)

BY MR. BARON:

Q: Mr. Richards, are you familiar with that document?

This is a letter to Benton Becker.

A: I don't recall seeing it. I have seen it recently, but I don't know when I saw it.

Q: Do you recall at any time in your discussions with Mr. Becker that Mr. Becker was making some efforts on behalf of Mr. Young to protect Mr. Young's loan guaranty -

A: Yes.

Q: - in the process of making a decision to do it? Do you recall those discussions?

A: Yes. Yes. And I would assume that this document arose out of some of those discussions and Mr. Barbour knew that Benton Becker had that responsibility, and this is his letter to Benton affirming things that he had told me.

Q: And is the content of this letter consistent with the kinds of things Mr. Barbour said back to you originally when you raised the question of how is Mr. Young's loan or loan guaranty going to be protected?

A: Yes.

Q: At this time, late August, early September, 1994, do you know whether Mr. Ambrous Young had completely decided that he was going to go ahead with this?

A: I don't think he had. He was - the request was 3.3 million. I know he had decided not to do that much. What - I don't know that he had decided to do anything, but he had made a decision he would not make that much of a loan.

MR. BARON: Let me hand you what previously was marked as Becker Exhibit 21, and I would like that marked as Richards Exhibit 10.

(Richards Exhibit No. 10 was marked for identification.)

MR. BARON: It is a fax transmission cover sheet showing a copy to you dated September 10th, 1994 from Ambrous Young.

BY MR. BARON:

Q: Let me show you this document and direct your attention particularly to the page. Do you recall ever getting that transmission?

A: Yes.

Q: And at that time based on that letter what was your understanding as to whether Mr. Young had finally determined what he was going to do?

A: Well, he was still telling Haley we would rather just support the party as we have done in the past with a gift of some smaller amount of money, but if that doesn't solve your problem, we may be willing to support you with a loan of \$2.1 million.

MR. BECKER: Is all of this composite Richards 10?

MR. BARON: Yes. That's the way it was done as Becker 21. This is all Becker 21.

BY MR. BARON:

Q: Ultimately, do you know whether Mr. Ambrous Young authorized the loan guaranty through Young Brothers (USA) for the National Policy Forum loan?

A: Yes, he did.

Q: Now, what was your role in that? Did you have any role in the working out of that ultimately?

A: My role was introducing the idea to Ambrous at the request of Haley Barbour; and after the decision was made by Mr. Young, I was to work with Benton Becker to the extent

that Ambrous thought it was necessary or to secure Benton Becker to perform the due diligence and prepare the documents.

Q: Were you aware that Mr. Young did, in fact, submit two articles to Commonsense dealing with China policy?

A: Yes, I am.

Q: And did you have anything to do with the writing of those articles?

A: No.

Q: You were just aware that he had submitted them?

A: I read them after the fact.

Q: The views expressed in those articles, just in a nutshell, essentially advocate the one China, mainland China and Taiwan be together.

Was that something that was an issue based on your knowledge of Mr. Young's views that concerned him, in which he had views?

A: Yes.

Q: It mattered to him?

A: He grew up in the People's Republic. His family left the mainland with Chiang Kai-shek and went to Taiwan. He later became a citizen there in Taiwan and subsequently started doing business in China and concluded that it was in the best interest of all Chinese everywhere for a one country/two policies, two systems policy.

Q: After the 1994 election, are you aware of any visit by Mr. Young to this country in which he got together with Mr. Haley Barbour?

A: Yes. He was invited here by Mr. Barbour. The purpose was to meet with the new Speaker of the House and with the new leader of the Senate, and he came and did.

Q: Did you accompany him in these meetings?

A: I accompanied him to the meeting with Senator Dole. I did not with the Speaker. I may have been with him when he met with Haley Barbour. I don't know.

Q: And the meeting with Senator Dole, was that in a large gathering?

A: It was a reception. There were at least a dozen Senators there. There were some light food and it was done in his office, Senator Dole's office in the Capitol Building. I don't know the purpose of the reception, but we were invited to go.

Q: And was there any substantive conversation?

A: No. It was the grip and grin kind of thing.

Q: Photo-op, photos were taken?

A: Yes.

Q: Do you know whether Mr. Young obtained photographs showing him meeting Senator Dole?

A: I think he did. I think, as a matter of fact, somebody from the Forum sent them to us, Steve Richards, and

(1) we forwarded them on to Ambrous. It is a faint recollection,
(2) but I have some recall of it.
(3) Q: Once the loan guaranty arrangement was in place, am
(4) I correct that the National Policy Forum was supposed to make
(5) quarterly payments on the loan?

(6) A: That's correct.
(7) Q: And what was your function relative to monitoring
(8) that repayment?

(9) A: Well, I had no specific function. Benton Becker
(10) was the person to monitor that. However, when a problem
(11) arose, he contacted me and we discussed it and so on.

(12) Q: Did a problem arise?
(13) A: A problem arose shortly thereafter when they failed
(14) to make one of the quarterly payments.

(15) Q: Thereafter, what are you using as the point of
(16) departure there? After what?

(17) A: When was the first payment done, Benton? When was
(18) the first payment made? The first one was made, the second
(19) one was the one that was put to the end of the contract.

(20) MR. BECKER: I think the record would show,
(21) counsel, that the payment that Mr. Richards is referring to
(22) occurred in April of '96 following the timely payment of
(23) approximately four or five payments by the Forum.

BY MR. BARON:

(24) Q: Just to recap - and I guess the records will bear
(25)

(1) there had been another failure of the National Policy Forum
(2) to pay as required under the loan agreement?

(3) A: Yes.
(4) MR. BARON: Let me show you what has been marked as
(5) Becker Exhibit No. 37 and have it marked as Richards No. 11.
(6) (Richards Exhibit No. 11 was
(7) marked for identification.)

(8) MR. BARON: It is a document on letterhead of
(9) SIGNET, dated June 4, 1996, and I would like also Becker 38,
(10) which is a letter dated June 6th, 1996 on the stationery of
(11) the Law Offices of Richard Richards, I would like that
(12) marked.

(13) (Richards Exhibit No. 12 was
(14) marked for identification.)

BY MR. BARON:

(15) Q: Let me first show you what has now been marked as
(16) Richards No. 12, and it is a letter on the stationery of your
(17) office addressed to Haley Barbour. Do you have that?

(18) A: Yes.
(19) Q: What was the occasion for your writing that letter
(20) to him?

(21) A: I had been advised either by Benton or by Ambrous
(22) that the quarterly payment had not been made, and my job was
(23) to instruct Chairman Barbour that we expected payment to be
(24) made.
(25)

(1) this out.
(2) MR. BECKER: Yes.

BY MR. BARON:

(3) Q: There were four or five payments by the Forum in
(4) which they met their obligation, but in April of '96 I take
(5) it you were advised there had been a problem by way of a
(6) missed payment?

(7) A: Yes.
(8) Q: Can you tell us a little bit more about what
(9) happened? What did you do?

(10) A: I think that Mr. Becker made arrangements with the
(11) Forum to - let me find the appropriate document.

(12) MR. BECKER: You can finish your answer.
(13) THE WITNESS: - to put that payment on the end.
(14) Rather than take the security now, they would pay the
(15) interest or something, put the payment on the end and the
(16) committee would pay it at that time, presumably because the
(17) Forum was short of money at that particular time and they
(18) anticipated having money available later.

BY MR. BARON:

(19) Q: Did you have any conversations with representatives
(20) of the Forum or the RNC about the fact that they had now
(21) missed a payment despite all the assurances you had received
(22) there were plenty of pledges to cover for that sort of thing?

(23) A: I wasn't worried on this first payment.
(24)
(25)

(1) particularly where we had put it on the end of the contract.
(2) We assumed that that would be paid out and no problem. Our
(3) concern came when they missed the subsequent payments.

(4) Q: Had you been told - and we have had testimony on
(5) this. But had you been told how long the Forum expected it
(6) would take for them to pay off the loan?

(7) A: I think they gave a loan schedule to Mr. Becker. I
(8) think I have seen one. I don't recall what it was. But
(9) there was -

(10) MR. BECKER: I don't understand your question. Are
(11) you asking him to describe the loan? It was 11 payments, the
(12) loan documents reflect 11 payments on a quarterly basis.

BY MR. BARON:

(13) Q: Let me rephrase this. I think I can do that
(14) better.

(15) The documents do provide for quarterly payments
(16) over perhaps a three-to-four year period.

(17) Were you ever advised by anyone that the National
(18) Policy Forum anticipated prepaying that loan substantially
(19) earlier than what was scheduled under the loan documents?

(20) A: Well, we anticipated that the loan would be paid
(21) before Haley Barbour left office as chairman.

(22) Q: Which would have been approximately how long?

(23) A: Which would have been January of '97.

(24) Q: Did there come a time when you were advised that
(25)

(1) Q: On June the 6th, if I look at the very first part
(2) of your letter, you say that "I understand" - you are
(3) addressing to Barbour. "I understand you have simply
(4) postponed the April payment - put it on the end of contract,
(5) et cetera."

(6) So we are talking about this was the very first
(7) time that there was a problem with regard to payment,
(8) correct?

(9) A: Yes.
(10) Q: You then go on to say, "Ambrous has contacted me
(11) and Benton Becker, his attorney, has instructed us to tell
(12) you that he expects the Committee to make payments on this
(13) Note when due. In the meantime, he is still attempting to
(14) find a way to accommodate you with some degree of
(15) forgiveness, but until he sees a way to do so, he expects you
(16) to be making payments in accordance with the contract."

(17) What are you referring to when you say that Mr.
(18) Young is trying to find a way to accommodate Mr. Barbour with
(19) some degree of forgiveness? What's the background behind
(20) that statement?

(21) A: Haley went to Hong Kong shortly after this loan was
(22) made and asked Mr. Young to forgive the loan.

(23) Q: Were you there?

(24) A: No.
(25) Q: You were told about this?

(1) A: I was not there. I was simply told about it.
(2) Mr. Young called me and told me that that had
(3) occurred and that he informed Haley he would like to help
(4) you. If I can find some way to justify doing it, I will
(5) forgive all or part. And, of course, a substantial amount
(6) had already been paid so it wasn't the whole loan. But I
(7) would forgive all or part of what was owed to us, but I have
(8) got to find some justifiable reason to do that. As of now, I
(9) don't have one.

(10) Q: So that is what you are referring to in your
(11) letter?

(12) A: Yes.
(13) Q: This letter, Richards No. 12, only refers to the
(14) extension, that is, the movement of one payment to the end of
(15) the period, correct?

(16) A: No, I think it is referring to other payments. It
(17) appears that we said it is okay that you have delayed the
(18) one, but we expect all other payments to be made.

(19) Q: That leads to my next question. Richards No. 11,
(20) previously Becker 37, is a letter dated June the 4th, two
(21) days before your letter to Haley Barbour in which, in
(22) effect - first of all, look at the letter.

(23) A: Yes.
(24) Q: Am I not correct that the bank is telling you that
(25) the borrower now has told them they are not making any more

payments and effectively they are calling the line.
 A: Yes.
 Q: Did you know about this letter at the time you wrote your letter of June 6th?
 A: I think I did. I think Benton probably advised me of that.
 Q: So that when you are referring later on in your letter of June the 6th, he expects you to be making payments, I take it you are now aware of fact that they have said they are not going to make any more payments?
 A: Yes.
 MR. BECKER: Let me talk with Dick.
 (Witness and counsel conferring.)
 THE WITNESS: Let me make a comment about this letter. I was -
 BY MR. BARON:
 Q: Which one are you referring to?
 A: My letter to Haley, the June 6th letter. My letter is a little softer language there. I'm not yet irritated. I don't want to make a big issue of the thing. We have accepted the idea you postponed one payment, but we don't expect you to postpone any more. It is sort of a pre-emptive statement.
 Q: By this time you are aware of the fact -
 A: Yes.

(1) to make the payment according to the loan agreement of
 (2) October 7, 1994 "for which I am indeed concerned."
 (3) Had you and Mr. Becker or either of you had a
 (4) conference with Mr. Barbour in which he had expressed his
 (5) unwillingness to make the payment?
 (6) A: I had one with Barbour at some time and I'm not
 (7) certain when it was, when he told me he would not make - he
 (8) would not repay soft money with hard money.
 (9) Q: Do you believe that took place - that's what you
 (10) are referring to here?
 (11) A: It may have been. I don't know the chronology, but
 (12) by September of that same year, I, of course confronted Haley
 (13) by mail and complained.
 (14) Q: So this letter may or may not reflect the same
 (15) conversation you referred to in your letter of September
 (16) 1996?
 (17) A: Yes. And I seem to have some recollection that we
 (18) got a hint of some kind before Haley said, I won't do that, a
 (19) hint from somebody like Volcansek or Norcross or somebody
 (20) that he didn't intend to pay.
 (21) MR. BARON: Let me show you a document previously
 (22) marked as Becker Exhibit 43, on letterhead of Frederick W.
 (23) Volcansek, Sr., dated July 10, 1996. Can we mark that as
 (24) Richards 15, please.
 (25) (Richards Exhibit No. 15 was

Q: - they said they are not making any more payments?
 A: Yes.
 MR. BARON: Let me show you what has been marked previously as Becker No. 40. I would like to mark it as Richards No. 13.
 (Richards Exhibit No. 13 was marked for identification.)
 MR. BARON: That's a June 21, '96 memorandum.
 BY MR. BARON:
 Q: Do you have that document?
 A: Yes.
 Q: There is a reference there to Peter Chapman. It is from Peter Chapman to Benton Becker and Richard Richards. Who is Mr. Chapman?
 A: He was acting CEO of Young Brothers (Hong Kong).
 Q: And is he a confidant and advisor to Mr. Ambrous Young?
 A: Yes. Yes.
 MR. BECKER: Past tense.
 MR. BARON: Was?
 MR. BECKER: Yes.
 BY MR. BARON:
 Q: In this capacity was he then operating that way?
 A: Yes.
 Q: Did you have discussions with Mr. Chapman

(1) marked for identification.)
 (2) BY MR. BARON:
 (3) Q: Do you see that document in your folder?
 (4) A: Yes.
 (5) Q: There is some reference in this letter - I am
 (6) looking at the third paragraph - in which Mr. Volcansek says
 (7) that he "called John Bolton about the issue of closing out
 (8) the NPF's financial obligation to me" and he complains about
 (9) the fact they still owe him \$5,000.
 (10) Do you know what this payment was for?
 (11) A: No.
 (12) Q: Do you have any understanding that Mr. Volcansek
 (13) functioned in any capacity as a paid fund-raiser for the
 (14) National Policy Forum?
 (15) A: I did not believe he was. I would not have been
 (16) pleased with him getting a commission for raising the money.
 (17) Ambrous Young would have been offended by it, and we had no
 (18) knowledge that there was any commission paid.
 (19) MR. BARON: Mark that Richards No. 16. This is
 (20) Becker 44.
 (21) (Richards Exhibit No. 16 was
 (22) marked for identification.)
 (23) BY MR. BARON:
 (24) Q: Let me show you what is now marked as Richards No.
 (25) 16, previously Becker 44. It is a letter dated July 12th,

concerning the content of this memorandum? He speaks of "please let me know your recommendations for next steps."
 A: I probably had a conversation with him after. And the conversation was, try to get the money paid, but try not to be too offensive.
 MR. BECKER: And the "him," is that Chapman or Mr. Young?
 THE WITNESS: Chapman. I had a conversation with Chapman.
 BY MR. BARON:
 Q: Let me show you a document that has previously been marked - it is part of what was previously marked as Becker Exhibit 42. It is a letter from Ambrous Young dated June 28th, 1996 to Haley Barbour.
 A: Yes.
 Q: Do you see that?
 A: Yes.
 MR. BARON: Let's have that group of papers marked to keep them together. So this would be Richards No. 14.
 (Richards Exhibit No. 14 was marked for identification.)
 BY MR. BARON:
 Q: The letter from Ambrous Young to Haley Barbour, dated June 28, 1996 begins by saying, "Mr. Richard Richards and Mr. Benton Becker reported to me that" you are unwilling

(1) 1996 addressed to you, signed by John R. Bolton.
 (2) Do you see that?
 (3) A: Yes.
 (4) Q: First of all, who is Mr. Bolton?
 (5) A: Bolton, as far as I know, is the head of the Forum.
 (6) Q: And it is the stationery of the Forum?
 (7) A: Yes, he was the head of the Forum.
 (8) Q: In the letter he refers to Haley Barbour having
 (9) "recently received a letter from Ambrous about the loan" and
 (10) then he says he would like to talk to you about this.
 (11) Do you recall any conversation with Mr. Bolton
 (12) pursuant to this letter?
 (13) A: I don't think I ever had one. I tried. I tried to
 (14) call Chairman Barbour at his office and his office always
 (15) found that he was not available to talk to me. It was
 (16) suggested I talk to John Bolton. I tried to talk to John
 (17) Bolton and never had a conversation with him. I could not
 (18) reach him.
 (19) Q: I believe earlier today you said you tried some 10
 (20) times without success to reach Mr. Bolton?
 (21) A: I documented ten attempts to contact him.
 (22) Q: Literally documented?
 (23) A: Yes. I don't have the documents now, but I counted
 (24) them and referred that to Mr. Becker, that it was 10 times.
 (25) Q: Did you attend the Republican Convention in '96?

(1) A: I did.
 (2) Q: While you were there, was any attempt made to get
 (3) the RNC or anybody at the convention to address the problem
 (4) that you were having getting the loan guaranty repaid for
 (5) your client?
 (6) A: I talked to somebody within the Republican National
 (7) Committee and I said that Haley was going to meet with the
 (8) budget committee and try to get authority to pay this loan.
 (9) I was told by this person, who is still an employee of the
 (10) National Committee so I don't want to disclose their name,
 (11) that they said Haley didn't appear to the budget committee,
 (12) that someone else appeared on his behalf and they did not ask
 (13) for payment. The item came up and was discussed and tabled.
 (14) Q: You are a previous head of the Republican National
 (15) Committee?
 (16) A: Yes.
 (17) Q: Based on your experience and knowledge of how these
 (18) things work, if the chairman of the RNC wants an item
 (19) addressed by the budget committee, does it get addressed?
 (20) A: Yes.
 (21) MR. PERRY: I am sure he is not asking you to
 (22) speculate. It is based on your knowledge.
 (23) THE WITNESS: If I was the chairman, I would expect
 (24) him to address it and I can't imagine him not doing it.
 (25) BY MR. BARON:

(1) Q: If the chairman doesn't want it addressed and says
 (2) table it, is it fair to say that is what will happen based on
 (3) your experience and knowledge?
 (4) A: Yes.
 (5) MR. BECKER: The only question I have is, I would
 (6) ask is there any - could you for the record explain what
 (7) difference there is, if any, between the budget committee and
 (8) the RNC. The reason I ask is that you will note, Mr.
 (9) Richards, that the August 30, 1994 letter from Mr. Barbour to
 (10) me says that he will bring this matter to the attention of
 (11) the RNC when, in fact, it is brought to the attention of the
 (12) budget committee.
 (13) Is that significant, that we should consider it?
 (14) THE WITNESS: I wouldn't consider it different.
 (15) The committee - the interesting thing about the committee is
 (16) the chairman runs the committee. I mean there are no rules
 (17) that hinder the chairman in his activities. The committee,
 (18) such as the budget committee, and all the committees that
 (19) have do with the convention, the membership is selected by
 (20) the chairman. They are put in there by the chairman. The
 (21) executive committee is put in there by the chairman, so it
 (22) serves at the pleasure of the chairman. So the chairman
 (23) shouldn't have any trouble with one of his committees.
 (24) MR. BARON: One wouldn't think so.
 (25) MR. PERRY: Objection.

(1) MR. BARON: Could we have this document - this was
 (2) previously Becker 45. It is a group of documents, top
 (3) document is dated July 15th, 1996. It is five pages in all.
 (4) Could we have that marked as Richards No. 17.
 (5) (Richards Exhibit No. 17 was
 (6) marked for identification.)
 (7) BY MR. BARON:
 (8) Q: In Richards No. 17, I want to specifically direct
 (9) your attention to a letter within that group of documents
 (10) addressed to David Norcross on the stationery of Benton
 (11) Becker, August 29th, 1996.
 (12) Do you see that?
 (13) A: Yes.
 (14) Q: Let me direct your attention to the second
 (15) paragraph since it refers to you. It says, "To our
 (16) collective surprise, and disappointment, Messrs. Young,
 (17) Richards and I were informed that the RNC Budget Committee
 (18) tabled Mr. Bolton's request until after the November 1996
 (19) election."
 (20) Is that accurate? Is that an accurate statement?
 (21) A: As far as we understood, yes. We weren't there at
 (22) the committee, but we were informed that that occurred, yes.
 (23) Q: That's all it says. It says you were informed.
 (24) Then there is a reference in parentheses. "Dick Richards,
 (25) as you know, a former RNC Chairman himself, commented to Mr.

(1) Young and me that we could not recall any past instance of a
 (2) Budget Committee's refusal of a request from an RNC
 (3) Chairman."
 (4) First of all, do you remember making that comment,
 (5) words to that effect?
 (6) A: Probably. I don't remember. But I believe it and
 (7) if somebody asked me, that's what I would have said.
 (8) Q: Is that an accurate statement of your own view on
 (9) the matter?
 (10) A: Yes.
 (11) Q: I am going on now to the next paragraph. "Since
 (12) the close of Republican National Convention, Dick Richards
 (13) has attempted to make telephone contact with Mr. Bolton on
 (14) ten separate occasions. Ten times." Underlined, exclamation
 (15) point.
 (16) I believe your testimony is that is, in fact,
 (17) accurate, you kept count?
 (18) A: Yes.
 (19) Q: "Each time, he has been told that Mr. Bolton is
 (20) either not available or 'in a meeting.'"
 (21) Is that accurate?
 (22) A: Yes.
 (23) MR. BARON: I am going to have Becker 46 marked as
 (24) Richards No. 18. It is a document dated September 2, 1996
 (25) from Ambrous Young to Benton Becker, copy to Mr. Richards.

(1) (Richards Exhibit No. 18 was
 (2) marked for identification.)
 (3) BY MR. BARON:
 (4) Q: Let me show you what has now been marked as
 (5) Richards No. 18. Do you see that?
 (6) A: Yes.
 (7) Q: It shows that there was an outstanding principal
 (8) balance on the loan of a \$1,527,000.
 (9) Is that your understanding of the amount that Young
 (10) Brothers Development was held responsible for by virtue of
 (11) the bank calling the loan?
 (12) A: Yes.
 (13) MR. PERRY: That's prior to the settlement?
 (14) MR. BECKER: Yes.
 (15) THE WITNESS: Yes.
 (16) MR. BECKER: That's the unpaid balance at the time
 (17) of the default.
 (18) MR. BARON: Let me show you what has been marked
 (19) previously as Becker Exhibit 49, I believe. It is a letter
 (20) dated September 11th, 1996 to Mr. Bolton from Mr. Timothy K.
 (21) Shuba, S-H-U-B-A.
 (22) (Richards Exhibit No. 19 was
 (23) marked for identification.)
 (24) BY MR. BARON:
 (25) Q: Let me show you what has been marked now as

(1) Richards 19 and ask you, first of all, do you have the
 (2) document?
 (3) A: Yes.
 (4) Q: Did there come a time when you became aware that
 (5) the grace period for curing the default on the loan had
 (6) expired and that the bank was calling the loan?
 (7) A: Yes.
 (8) Q: Do you recognize this document of September 11th
 (9) as, in fact, notice to that effect?
 (10) A: Yes.
 (11) MR. BARON: Let me have marked as Richards No. 20 a
 (12) letter from you to Mr. Haley Barbour, dated September 17th,
 (13) 1996 and have that marked, please.
 (14) (Richards Exhibit No. 20 was
 (15) marked for identification.)
 (16) BY MR. BARON:
 (17) Q: Mr. Richards, let me direct your attention to a
 (18) letter on your stationery, your law office stationery, dated
 (19) September 17th, 1996.
 (20) Do you have a copy in front of you?
 (21) A: Yes.
 (22) Q: First of all, would you look on page 3 of the
 (23) letter. Is that your signature?
 (24) A: Yes.
 (25) Q: What prompted you, first of all, to send this

letter? What, if anything, prompted you?

A: At this stage I was quite angry. They had missed the payments. The bank had notified us that they were forfeiting our collateral. I had tried to talk to the chairman. Was told to talk to John Bolton. I had made ten efforts to talk to John Bolton. He refused to take my call. I went to the National Convention. I heard about the budget committee hearing and found out that Haley did not appear before the committee. That he did not ask for permission to repay this loan and the matter was tabled, and I was quite angry.

Q: I would like to go through this letter hopefully not too tediously, but I want to go through the language.

In the very first paragraph, the last sentence, you say, "I have attempted to contact John Bolton on several occasions but we were never able to communicate."

Was that the ten attempts you made?

A: I was just being kind there. I started out kind.

Q: Let's go into the next paragraph. I am reading now. "I have recently heard from Mr. Young in Hong Kong and needless to say, he is somewhat distressed about the non-payment by the Forum."

Are you being kind there too? "Somewhat distressed" is a mild term it seems.

A: Yes.

Q: Is that a fair statement?

A: Yes.

Q: "He has advised us that you have stated you were led by me to believe that payment was not necessary."

First of all, is that accurate, that Mr. Young told you that Mr. Barbour was saying you had told Mr. Barbour he didn't have to pay?

A: Somewhere along the line it was either John Bolton or someone said, Haley Barbour says that Dick Richards says you don't have to pay. And that word had gotten to him and me and everybody. I don't know the source of the rumor, but it circulated with everyone. We all heard it.

Q: Is it fair to say that because you heard that and did not agree with it that you then proceeded in this letter to give your history of what had happened?

A: Absolutely. That was the purpose.

Q: I would like to go through that. You begin by saying, "The following is my understanding of exactly what has transpired in this whole transaction."

Just prior to the elections of 1994, I was asked by Fred Volcansek to help facilitate a loan in excess of \$2 million to assist you in replacing hard money at the Forum with soft money so that the hard dollars could be used to help pick up 60 targeted House seats."

Is that an accurate statement of what Mr. Volcansek

asked you to do?

A: That's an accurate statement of what Mr. Barbour asked me to do.

Q: Well, that was my next question. I take it you have already related what Mr. Barbour asked you do in that telephone conversation, and this is consistent with that?

A: Yes.

Q: Did Mr. Volcansek also put it that way?

A: Yes. Yes.

MR. BECKER: The answer to the first question is yes?

MR. BARON: Yes to both.

BY MR. BARON:

Q: Both Volcansek and Barbour said this?

A: Yes.

MR. BECKER: Let's try it again, counsel. I am not sure what the answer is.

THE WITNESS: The answer is yes, whatever the question is.

MR. PERRY: That's not acceptable.

MR. BECKER: I am just confused.

BY MR. BARON:

Q: You had have related to us a telephone conversation that you had with Mr. Barbour before, as the first attempt to approach you and Mr. Young to provide these funds. The

(1) paragraph that I have just read and I am going to read it
(2) again just to be sure we are on the same page, says,
(3) "Just prior to the elections of 1994, I was asked by Fred
(4) Volcansek to help facilitate a loan in excess of \$2 million
(5) to assist you in replacing hard money at the Forum with soft
(6) money so that the hard dollars could be used to help pick up
(7) 60 targeted House seats."

(8) Is that statement in your letter consistent with
(9) what you were told by Mr. Barbour in your telephone
(10) conversation with him that you described earlier?

(11) A: It is precisely the same.

(12) Q: My next question is you make reference to Fred
(13) Volcansek in that paragraph. Did Volcansek make that same
(14) representation to you or was Volcansek simply referring to
(15) the money without getting into the purpose?

(16) A: I think Fred made this same reference to the
(17) purpose. As we talked, we all knew what the purpose was. I
(18) mean that was the foundation of the whole deal.

(19) Q: Next paragraph, "As a result of Fred's request, I
(20) contacted Mr. Ambrous Young and asked him if he was
(21) interested in that kind of assistance for the Party. You and
(22) I then had several discussions concerning a loan guarantee by
(23) Mr. Young."

(24) Is that an accurate statement of what happened as a
(25) result of Mr. Volcansek's request?

(1) A: Yes.

(2) Q: Next paragraph, "Funds were transferred from Hong
(3) Kong to Young Brothers USA, a Florida corporation of which I
(4) am the President."

(5) Is that an accurate statement of what occurred?

(6) A: Yes.

(7) Q: "Shortly after the loan was made, you journeyed to
(8) Hong Kong and approached Mr. Young for the first time about
(9) the question of forgiveness of the loan."

(10) As far as you know, since you were not there, but
(11) were you advised that that, in fact, had occurred?

(12) A: Yes.

(13) Q: "Mr. Young called me," I am now quoting again, "and
(14) told me of the discussion and informed me that he wanted to
(15) be as helpful to you as he could and he would take the
(16) request of forgiveness under advisement."

(17) Is that an accurate statement of what Mr. Young
(18) told you at that time?

(19) A: Yes.

(20) Q: Next paragraph, quoting, "Mr. Young began
(21) discussions with you about a trip to China. One was
(22) scheduled, then canceled, and a second trip scheduled in
(23) which you, Mr. Young and I were all to go to China for the
(24) purpose of seeing if we could facilitate some business in
(25) China that Mr. Young had in mind."

(1) Let me stop there. Is that an accurate statement
(2) of what occurred with reference to a trip and then a canceled
(3) trip and then a second trip for China, to go to China?

(4) A: Well, it is accurate, but it is not complete.

(5) Q: What do you want to add to that?

(6) A: Because there were other purposes of the trip to
(7) China as well.

(8) Q: Tell us about that.

(9) A: And they were purposes that Mr. Barbour had.
(10) Chairman Barbour was going to China for reasons of his own
(11) and he had scheduled the trip, and he and Ambrous had talked
(12) about what they might do together when they were there.

(13) The first trip was postponed. The second trip or
(14) the trip was subsequently scheduled and that was this trip.

(15) They had purposes of theirs that they were going for. I
(16) don't know what that was because I didn't discuss it with
(17) them.

(18) Q: Who arranged this trip? Who was putting the trip
(19) together? Was it Mr. Barbour or Mr. Young or you?

(20) A: It was not me.

(21) MR. PERRY: Again, I am not sure he is not asking
(22) you to speculate.

(23) MR. BECKER: If you know.

(24) THE WITNESS: I know that Haley met with folks at
(25) the RC embassy and an itinerary was worked out.

BY MR. BARON:

(1) Q: Who was invited to go on the trip?
 (2) A: Haley was going, his wife was going, someone from
 (3) Haley's staff, I was going, Fred Volcansek went, Ambrous
 (4) Young went and a couple of other people that I don't know.
 (5) Q: Who paid for the trip, if you know?
 (6) A: I paid for my own. I don't know who paid for
 (7) theirs.
 (8) Q: There is some reference here about "seeing if we
 (9) could facilitate some business in China that Mr. Young had in
 (10) mind."
 (11) What does that refer to?
 (12) A: I'm not sure what Mr. Young had in mind. He was
 (13) quite private about his business, but my impression was he
 (14) wanted to bring Chairman Barbour there as a purpose of
 (15) showing these people, business people, Government people that
 (16) he had connections with the leadership of the Republican
 (17) Party in the United States. We did not discuss any business.
 (18) He did not in my presence ever ask Haley to do anything. He
 (19) didn't ask him to promote business. There was absolutely no
 (20) business discussion concerning that trip.
 (21) Q: Is fair to say that Mr. Young regarding his ability
 (22) to show to high officials in the PRC Government that he had
 (23) what appeared to be a close relationship with a high official
 (24) in the Republican Party of the United States -
 (25)

(1) I presume he was talking about even soliciting
 (2) money from other people that may make contributions. I don't
 (3) know. We didn't get specific about it.
 (4) Q: Going on in the letter, "As the payments became
 (5) due, you then requested forgiveness of individual payments,
 (6) the first of which Mr. Young refused, but agreed to skip the
 (7) payment, pay the interest, and put the payment on the back
 (8) side of the loan."
 (9) We addressed that earlier. That's accurate, is it
 (10) not?
 (11) A: Yes.
 (12) Q: "As further discussions ensued, you and I spoke
 (13) again at least a couple of times in which I advised you that
 (14) Mr. Young still wanted to work something out with you that
 (15) could result in forgiveness, but he had to have some
 (16) economically sound reason for doing so; therefore, the
 (17) quarterly payments should be made. That did not negate the
 (18) forgiveness of the loan if things could still be worked out."
 (19) Is that an accurate statement?
 (20) A: Yes.
 (21) Q: Is it fair to say, Mr. Richards, that the economic
 (22) offset, so to speak, that might warrant the forgiveness, that
 (23) Mr. Young, as you understood it, was looking for some benefit
 (24) to be derived from his relationship with Mr. Barbour? Let me
 (25) ask you this.

(1) A: Yes.
 (2) Q: - that this was of some value to him?
 (3) MR. PERRY: Again, I am sure he is not asking you
 (4) to speculate.
 (5) MR. BARON: I am never asking him to speculate. I
 (6) just want to know what his understanding was.
 (7) MR. BECKER: Will you be kind enough to read the
 (8) question back.
 (9) (The reporter read the requested portion of the
 (10) record.)
 (11) THE WITNESS: Yes, I believe that. But not limited
 (12) to the Government officials. To business people, the ability
 (13) to show your relationship with leadership in the United
 (14) States is important to people in that capacity.
 (15) BY MR. BARON:
 (16) Q: I am continuing with the letter.
 (17) Would that also be true with regard to the fact
 (18) that Mr. Young had published two articles in the magazine put
 (19) out by the National Policy Forum addressing an issue that was
 (20) important to Chinese-American foreign policy?
 (21) A: I think yes.
 (22) Q: Continuing in the letter, you go on to say, "It was
 (23) during those discussions," the ones about the trip to China,
 (24) "it was during those discussions that the question of
 (25) forgiveness became seriously considered and Mr. Young

(1) MR. PERRY: Objection.
 (2) BY MR. BARON:
 (3) Q: If he happened to strike oil in some venture he was
 (4) in, is that the economic justification that we are talking
 (5) about?
 (6) A: I think Ambrous Young was saying, if I make any
 (7) money over and above, and I have an income now, if I can do
 (8) anything to enhance my income, I will help the party, whether
 (9) or not it had anything to do with Haley Barbour, whether or
 (10) not it had anything to do with the National Committee.
 (11) Q: Have you ever discussed that with him?
 (12) A: No, but we never discussed this in much detail at
 (13) all. In other words, he would say this to me and we never
 (14) discussed specifically what it was. I never asked questions
 (15) about his business, but I know his business went beyond, far
 (16) beyond the meeting with Haley Barbour and a visit to China.
 (17) MR. PERRY: This is based in part on your
 (18) inferences.
 (19) MR. BARON: Can I finish, excuse me.
 (20) MR. PERRY: Go ahead.
 (21) THE WITNESS: What is the question?
 (22) MR. BECKER: There is no question.
 (23) MR. BARON: There is no question.
 (24) BY MR. BARON:
 (25) Q: "During our last personal discussion, I advised you

(1) indicated to both you and me, and you and I also discussed,
 (2) the possibility of forgiveness if," underscored, "Mr. Young
 (3) could get some business opportunities that would justify
 (4) forgiveness of such a large indebtedness. Forgiveness was
 (5) always," underscored, "contingent upon Mr. Young getting
 (6) something in return that would justify this kind of a
 (7) generous gift."
 (8) Is that an accurate statement?
 (9) A: Yes.
 (10) Q: What discussions did you have relative to the issue
 (11) of forgiveness and what would have to occur in order to
 (12) warrant forgiveness taking place?
 (13) A: There was nothing very specific or precise said in
 (14) my presence. In fact, Mr. Young was talking about
 (15) forgiveness considerably after the fact, after the trip to
 (16) China. So the business opportunities were not related only
 (17) to the China trip or involved only with the China trip.
 (18) Mr. Young in my opinion was saying, if I can
 (19) develop some new business opportunities in China, to produce
 (20) additional income for me, I am willing to be generous with
 (21) the committee and I think that is consistent with his other
 (22) letters because he said, I am willing to help you in another
 (23) way, but I can't help you with this loan. This loan has got
 (24) to be paid, that is separate and apart, but I am willing to
 (25) help you another way.

(1) that Mr. Young could not forgive the loan for two reasons.
 (2) First, he did not want to give up a couple million dollars,
 (3) and second, he was afraid of adverse publicity for himself,
 (4) his American company and the Forum."
 (5) Is that accurate?
 (6) A: Yes.
 (7) Q: "During those discussions you made the statement to
 (8) me," that is, you, Haley Barbour, "in words to the effect, 'I
 (9) will not spend hard dollars to pay off this loan.'
 (10) Do you recall Mr. Barbour saying that to you?
 (11) A: Yes.
 (12) Q: "I responded with words to the effect, 'We cannot
 (13) forgive it, therefore, if you are not going to pay it, you
 (14) will simply have to default. We would be better off with you
 (15) defaulting than us forgiving.'
 (16) Do you recall saying that?
 (17) A: Yes.
 (18) Q: "I did not say," and I am going on now with your
 (19) letter, "I did not say, because I did not have authority to
 (20) say, 'Go head and default and we will do nothing.' In
 (21) essence, that would be our way of forgiving the loan. I
 (22) think I did say I doubted Mr. Young would sue you in the
 (23) event of default."
 (24) Do you recall making that last statement?
 (25) A: Yes.

Q: You go on to say, "Mr. Young did not say that and did not give me authorization to say we wouldn't and therefore, go ahead and default we'll simply walk away." Is that correct?

A: That's correct.

MR. BECKER: Just for the record, when you are saying, "that's accurate," "is that correct," and Mr. Richards is saying "yes," I gather what the communication process there is, and this is the way I am interpreting it, two things: one, am I reading it correctly, Mr. Richards, and two, is that the way you recall the events that you wrote of in September of 1996?

MR. BARON: I am much more focussed on the second part. I know I am reading it accurately.

BY MR. BARON:

Q: My concern is when I read this, does what I am saying accurately reflect your recollection of what, in fact, occurred that you were writing about?

A: Yes.

MR. PERRY: Now I don't understand that last exchange because did that refer to all the former questions you asked, the last question or -

MR. BARON: Every question I have asked, the point of it, and I think the record will reflect it if it is read, has been this is what your letter says. Is what your letter

says an accurate statement of your recollection of what occurred that you are writing about?

MR. PERRY: Every portion of the letter?

THE WITNESS: Yes.

MR. PERRY: Now I am really confused because we haven't covered every portion of the letter.

MR. BARON: I haven't finished.

MR. PERRY: I think he has answered inconsistent with respect on some things and some things aren't within his personal knowledge which your questions have been framed to account for. So that leads me to a position where I can't understand how the questions you are asking now can be fairly answered.

MR. BARON: Let's go back over the letter.

BY MR. BARON:

Q: Looking at paragraph two of the letter, "I have recently heard from Mr. Young in Hong Kong," do you see that?

A: Yes.

Q: It says in there, you say that Mr. Young "is somewhat distressed about the non-payment by the Forum."

Did you read that?

A: Yes.

Q: Is it true when you wrote that Mr. Young had advised you that he was somewhat distressed about the nonpayment by the Forum?

A: Yes.

Q: "He has advised us that you have stated you were led by me to believe that payment was not necessary."

Is it accurate when you say there that Mr. Young advised you that Mr. Barbour had stated he was led by you, Mr. Richards, to believe payment wasn't necessary?

A: Yes.

Q: "The bank has subsequently given us notice they are now going to claim the entire debt in default and utilize our security to pay it in full."

Had you been advised of that by the bank?

A: Yes.

Q: You then go on to set forth your understanding of what transpired in the transaction.

A: Yes.

Q: I am quoting, "Just prior to the elections of 1994, I was asked by Fred Volcansek to help facilitate a loan in excess of \$2 million to assist you in replacing hard money at the Forum with soft money so that the hard dollars could be used to help pick up 60 targeted House seats."

Do you see that?

A: Yes.

Q: Did Mr. Barbour make a statement to you in which he stated words, those exact words or words to that effect?

A: Yes.

(1) Q: Did Mr. Volcansek at the time he approached you (2) state those words or words to that effect?

(3) A: Yes.

(4) Q: "As a result," I am quoting now, "As a result of (5) Fred's request, I contacted Mr. Ambrous Young and asked him (6) if he was interested in that kind of assistance for the (7) Party. You and I then had several discussions concerning a (8) loan guarantee by Mr. Young."

(9) Is that statement an accurate reflection of what (10) occurred at the time?

(11) A: Yes. The only difference would be in the early (12) days I thought it was a loan and not a loan guaranty. I am (13) gradually acquiring knowledge that this is the only a (14) guarantee after the bank is forfeiting collateral and so on.

(15) Q: Next paragraph, "Funds were transferred from Hong (16) Kong to Young Brothers USA, a Florida corporation of which I (17) am the President."

(18) Is that an accurate statement regarding the (19) transfer of funds from Hong Kong?

(20) A: Yes.

(21) Q: "Shortly after the loan was made, you journeyed to (22) Hong Kong and approached Mr. Young for the first time about (23) the question of forgiveness of the loan."

(24) To the best of your knowledge, is that an accurate (25) statement of what occurred at that time?

(1) A: Yes.

(2) Q: "Mr. Young called me and told me of the discussion (3) and informed me that he wanted to be as helpful to you as he (4) could and he would take the request of forgiveness under (5) advisement."

(6) Does that accurately reflect what Mr. Young told (7) you about what had occurred when Mr. Barbour approached him?

(8) A: Yes.

(9) Q: Next paragraph -

(10) MR. BECKER: Wait. Can I ask Mr. Richards a (11) question?

(12) MR. BARON: Sure.

(13) (Witness and counsel conferring.)

BY MR. BARON:

(14) Q: Next paragraphs says, Mr. Young began discussions (15) with you about a trip to China. One was scheduled, then (16) canceled, and a second trip scheduled in which you, Mr. Young (17) and I were all to go to China for the purpose of seeing if we (18) could facilitate some business in China that Mr. Young had in (19) mind."

(20) Stopping there, does that portion of the letter (21) accurately reflect what occurred back then regarding a trip (22) to China?

(23) A: Yes, but - that is true, but I don't know whether (24) we ever asked Haley Barbour to participate in any effort to (25)

(1) secure business.

(2) Q: Okay.

(3) A: I don't know that anybody ever asked him to help (4) get business. I did not.

(5) Q: It goes on to state, the letter does, "It was (6) during those discussions that the question of forgiveness (7) became seriously considered and Mr. Young indicated to both (8) you and me, and you and I also discussed, the possibility of (9) forgiveness if Mr. Young could get some business (10) opportunities that would justify forgiveness of such a large (11) indebtedness. Forgiveness was always contingent upon Mr. (12) Young getting something in return that would justify this (13) kind of a generous gift."

(14) Is that statement that I just read from your letter (15) an accurate reflection of the discussions that you had with (16) Mr. Barbour and with Mr. Young concerning the issue of (17) possible forgiveness of the obligation?

(18) A: Yes.

(19) Q: Next paragraph, "As the payments became due, you (20) then requested forgiveness of individual payments, the first (21) of which Mr. Young refused, but agreed to skip the payment, (22) pay the interest, and put the payment to the back side of (23) loan, which he did."

(24) Is that an accurate statement of what occurred (25) then?

(1) A: Yes.
 (2) Q: "As further discussions ensued, you and I spoke
 (3) again at least a couple of times in which I advised you that
 (4) Mr. Young still wanted to work something out with you that
 (5) could result in forgiveness, but he had to have some
 (6) economically sound reasons for doing so; therefore, the
 (7) quarterly payments should be made. That did not negate the
 (8) forgiveness of the loan if things could still be worked out."
 (9) Does that statement accurately reflect the
 (10) discussions that you and Mr. Barbour had concerning the issue
 (11) of possible forgiveness and the need for "an economically
 (12) sound reason for doing so?"
 (13) A: Yes.
 (14) Q: Next paragraph, "During our last personal
 (15) discussion, I advised you that Mr. Young could not forgive
 (16) the loan for two reasons. First, he did not want to give up
 (17) a couple million dollars, and second, he was afraid of
 (18) adverse publicity for himself, his American company and the
 (19) Forum."
 (20) Let me stop there. Is that an accurate reflection
 (21) of your personal discussion as of that time with Mr. Barbour?
 (22) A: Yes.
 (23) Q: What were you referring to when you said there was
 (24) concern about adverse publicity?
 (25) A: Well, I was aware of the criticism that the

(1) Republican National Committee was making against the
 (2) Democrats for accepting Indonesian money, and my feeling was
 (3) that this looked too much like that, that it would be
 (4) interpreted, certainly by an unfriendly press, as being the
 (5) same thing.
 (6) Q: Going on in the letter, "During those discussions
 (7) you made the statement to me in words to the effect,
 (8) 'I will not spend hard dollars to pay off this loan.'"
 (9) Does that accurately reflect what Mr. Barbour told
 (10) you in that discussion?
 (11) A: Yes.
 (12) Q: You then go on to say, "I responded with words to
 (13) the effect, 'We cannot forgive it, therefore, if you are not
 (14) going to pay it, you'll simply have to default. We would be
 (15) better off with you defaulting than us forgiving.'"
 (16) Is that an accurate reflection of what you said?
 (17) A: Yes.
 (18) Q: The letter goes on to say, "I did not say, because
 (19) I did not have authority to say, 'Go ahead and default and we
 (20) will do nothing.' In essence that would be our way of
 (21) forgiving the loan."
 (22) Is it accurate to say you never invited Mr. Barbour
 (23) to default on the loan?
 (24) A: That's right.
 (25) Q: You then go on to say in the letter, "I think I did

(1) say I doubted Mr. Young would sue you in the event of the
 (2) default."
 (3) Is that accurate statement of what you told Mr.
 (4) Barbour at that time?
 (5) A: Yes.
 (6) Q: At the bottom of the page you refer, you make the
 (7) statement, I am quoting, "You promised in writing to repay
 (8) the note."
 (9) What document are you referring to there?
 (10) A: When he wrote to Benton.
 (11) Q: The August 30th, 1994 letter?
 (12) A: Yes.
 (13) Q: "And that if necessary, you would go before the
 (14) Budget Committee and ask for authorization to borrow money to
 (15) do so."
 (16) Does that also refer to that letter?
 (17) A: Yes.
 (18) Q: Looking at the top paragraph of the third page of
 (19) the letter, I am quoting where it begins, "In our last
 (20) discussions" -
 (21) MR. BECKER: The third page.
 (22) BY MR. BARON:
 (23) Q: "In our last discussions, Mr. Young was still
 (24) trying to make some economic sense out of your trip so that
 (25) he could be generous with you."

(1) You see that?
 (2) A: Yes.
 (3) Q: "Is it not a fact that the economic offset that Mr.
 (4) Young was looking for as a possible rationale for forgiveness
 (5) of all or part of the indebtedness was, according to this
 (6) statement, something to come out of that trip that he had
 (7) taken with Mr. Barbour?"
 (8) MR. PERRY: Again, I am sure he is not asking you
 (9) to speculate.
 (10) MR. BECKER: You understand the question?
 (11) THE WITNESS: Yes.
 (12) It is my understanding that what he was saying and
 (13) his objective was to show himself - to show his friendship
 (14) with high-ranking Republicans, that he thought that might
 (15) benefit him.
 (16) MR. BECKER: By "he" you are referring to?
 (17) THE WITNESS: Whether this came out of that trip or
 (18) not is immaterial. He may have been thinking of photos that
 (19) came out of subsequent deals. He was thinking that the trip
 (20) some way was going to enhance his ability to do business.
 (21) BY MR. BARON:
 (22) Q: I understand that.
 (23) A: Simply that, no more, no less, just enhance his
 (24) ability.
 (25) Q: By virtue of his being able to demonstrate to both

(1) to business people and to Government officials in the
 (2) People's Republic of China that he, Mr. Ambrous Young, had
 (3) what appeared to be a close relationship with a high-ranking
 (4) official in the Republican Party, that this might lend or
 (5) might create for him business opportunities that might be the
 (6) economic justification he needed in order to rationalize
 (7) total or partial forgiveness of the indebtedness? Is that a
 (8) fair statement?
 (9) A: Yes, but not limited to that. Because even if he
 (10) made money in some other arena, absent Haley Barbour, absent
 (11) the trip, he would still utilize some of those funds to help
 (12) out. He was looking for new dollars. Not dollars out of his
 (13) pocket but new dollars to help become generous.
 (14) MR. BECKER: Counsel, I don't like to interrupt,
 (15) but I am sorry, because this is a tedious process and I know
 (16) you want to do this, but I want the record to reflect we are
 (17) now on paragraph 12 of this letter and my notes reflect that
 (18) this is really the first time you have asked Mr. Richards
 (19) what he meant when he said that. All the other questions
 (20) were, "is that an accurate statement of what you believed at
 (21) that time." This is the first time you have asked him to
 (22) interpret his words. I just want the record to reflect that
 (23) so that the other responses aren't confused to be present day
 (24) interpretation.
 (25) MR. BARON: Fair enough.

(1) Can we have this document, dated September the
 (2) 17th, 1996 from Ambrous Young to Mr. Richards, can we have
 (3) that marked as 21.
 (4) (Richards Exhibit No. 21 was
 (5) marked for identification.)
 (6) BY MR. BARON:
 (7) Q: Mr. Richards, let me show you what has been marked
 (8) as Richards 21. It is a fax to you and to Mr. Becker from
 (9) Ambrous Young.
 (10) You see that, dated September 17th?
 (11) A: Yes.
 (12) Q: In the first paragraph Mr. Young says, "I confirm
 (13) the receipt of your letter to the Honourable Chairman Haley
 (14) Barber of which you have stated accurately the history of
 (15) events and in turn made crystal clear of each individual's
 (16) position during the period of events."
 (17) First of all, the letter he refers to, which he
 (18) says is an accurate statement of the history, is the letter
 (19) we just reviewed, is it not?
 (20) A: Yes.
 (21) Q: And did you have any discussions with Mr. Young
 (22) concerning the letter other than receiving this letter from
 (23) him confirming it?
 (24) A: No.
 (25) MR. BARON: Let's take a break.

(Recess.)

BY MR. BARON:

Q: Did you become aware of the fact that ultimately a settlement was worked out?

A: Yes.

Q: And what, if any, role did you play in it?

A: I played none.

Q: I want to go back, if I may, if you could tell us a little bit more about the trip to Beijing. I am really switching topics here.

You testified that Mr. Barbour, his wife, Mr. Ambrous Young, you were at least among the people who went. What happened when you were there? Where did you go and who did you meet?

A: As I recall, we had two meetings. First Haley was there with his wife. They went to the Great Wall, to the Forbidden City and to a lot of tourist places.

Then in the early afternoon or late afternoon probably it was, we went to the Great Hall of the People and met Minister Qian Qichen who was the foreign minister at the time, still is the foreign minister.

Q: Is he the equivalent to our Secretary of State?

A: He is the equivalent to our Secretary of State.

Haley sat next to the minister. They talked about governments and cooperation and the kind of stuff that people

talk about without getting into anything serious. It was more get acquainted kind of discussions. That's the only conversation they had.

Q: Did Mr. Young, as far as you could tell, know the foreign minister?

A: I don't think so. I think this was his first meeting as well.

Q: Were photographs taken?

A: Photographs were taken.

Q: What other meetings were held?

A: Subsequent to that, we had a dinner. There was two tables of probably eight to ten people each. Haley Barbour sat at one table with Mr. Young and some other Chinese official whose name and rank and so on I don't know. And I sat at the table with another gentleman by the name of Mr. Liu, L-I-U, and his wife and some of the other parties to the meeting.

Q: Was the event, the dinner, a social event as distinguished from a business discussion?

A: Social. Absolutely social. No business discussed.

Q: Throughout this trip to the PRC, were there any business-related events?

A: No.

Q: How long were you there?

A: My recollection is that Haley was there two days:

one day sightseeing, the next day these events. I don't know whether I stayed there after he left or whether I went home when he left. I don't even know where we hooked up with him, whether we got together in Hong Kong or whether we met in Beijing.

Q: Without going into any details, am I correct that Young Brothers Development through one or more of its companies does do business in the PRC?

A: Oh, yes.

Q: I want to ask a few questions that are sort of skipping around a little bit. The original figure that was proposed for this loan to assist the National Policy Forum, as I recall the documents, was approximately three and a half million dollars and ultimately the guaranty was 2.2 million.

How did it get from the 3.5 to the 2.2, do you know?

MR. PERRY: Is it 2.2 or 2.1?

MR. BARON: 2.1, I'm sorry.

THE WITNESS: I am under the impression it came by Ambrous's fax when he said I would still like to make a contribution in another way; but if you can't do it, then we might be willing to do 2.1.

BY MR. BARON:

Q: We saw that document along the way.

A: I assume the figure came from Ambrous.

11) Q: Do you have any idea Mr. Barbour - did he ever indicate to you how he made up what presumably was something of a shortfall since he now has 2.1 instead of 3.5?

12) A: No, never had a discussion on it.

13) Q: Do you recall that Mr. Barbour met with Mr. Young or on Mr. Young's yacht? Are you aware of that?

14) A: I understand they did, when Haley went over the first time and asked him to forgive the loan. I wasn't there. But I know I heard Haley talk about the yacht.

15) Q: That was an event that occurred not long after the loan guaranty was made?

16) A: Yes. That's the meeting I referred to and I said Haley went over there and raised the issue for the first time of forgiveness.

17) MR. BECKER: I think the yacht belongs to the corporation. It is the property of the corporation.

BY MR. BARON:

18) Q: In view of the fact that Mr. Barbour asked for forgiveness of the loan about a month or so after it had been made or the loan guaranty, did you ever raise the issue with him did he ever intend for the NPF to pay off this loan?

19) A: No. No. I am under the impression that Fred told me, Fred Volcansek told me Haley was going to raise the issue with Ambrous and I recommended he not do that. I said that will offend him and, frankly, it offends me that he would do

20) that. I think you should advise him not to do it.

21) Q: That apparently didn't stop him?

22) A: It apparently did not stop him.

23) Q: Has Mr. Barbour ever indicated to you that he has business interests in the PRC?

24) A: No.

25) Q: You were quoted in a news article in the Boston Globe that in your view the RNC should pay back, I think the figure was used, the \$500,000 that had been lost as a result. As we now know it was closer to over 700,000. Was that an accurate quote?

26) A: Yes. The writer of the story talked about the 500,000 and I didn't correct him because I wasn't sure what it was. But the writer called me and told me, did you know that the RNC has now paid back \$120,000 to Ambrous Young? I said, what was that for? Well, that was for some prior and I guess they are referring to these contributions, and I said, well, hell, if they are going to pay that, why don't they pay back the rest.

27) Q: Is it your view they should pay back that other money?

28) A: It is my view that they shouldn't have paid back the 120,000.

29) Q: Why is that?

30) A: Because it was a perfectly legitimate gift to the

31) state of Florida and to the State Election Fund Committee, nonfederal campaign committee. They can take any kind of money.

32) Q: Then why did you make the statement apparently you did make, they ought to pay back the rest or the \$500,000?

33) A: They owe us this. I mean there is nothing wrong with this. There is nothing wrong with us if we gave them a gift. That's the peculiar thing. I think legally we had a right to give them a gift. Legally we had a right to make them a loan. There is absolutely nothing illegal about this transaction, but if they think there is something wrong with the note and they are going to give back the money, the only thing wrong with this one is they stuffed us.

34) MR. BECKER: What is this one and that one?

BY MR. BARON:

35) Q: By "this one," I take it you meant the 500, i.e., 700,000, the money Young Brothers was out?

36) A: The one that is the subject of this dispute. The reason they ought to give this back is because they promised they would.

37) MR. BECKER: Who is "they" we are talking about?

38) THE WITNESS: Haley. The chairman promised this money would be repaid. If they want to be honorable, pay it.

BY MR. BARON:

39) Q: Did you believe it was dishonorable not to pay it?

(1) A: I did and I do. The other one, but there is
 (2) nothing wrong with it as far as legality. It was just a
 (3) promise unkept.
 MR. PERRY: Contract matter.
 MR. BARON: The jury is still out.
 (4) THE WITNESS: I was just being cute with the
 (5) reporter when he said -
 (6) MR. PERRY: Now they are calling you every day.
 (7) MR. BROWN: You shouldn't have talked to them in
 (8) the first place.
 (9) THE WITNESS: Only one I did.
 (10) MR. BARON: Can we have this document previously
 (11) marked Becker 54 marked as Richards 22.
 (12) (Richards Exhibit No. 22 was
 (13) marked for identification.)
 (14) BY MR. BARON:
 (15) Q: Let me show you what has now been marked Richards
 (16) No. 22. It is a letter on your stationery, dated October 16,
 (17) 1996, to Mr. Barbour.
 (18) A: Yes.
 (19) Q: You see it?
 (20) A: Yes.
 (21) Q: First of all, it indicates you did not get a
 (22) response to the letter of September 17th, 1996 which we went
 (23) through rather laboriously earlier. Did you ever get a

(1) response to that letter?
 (2) A: No.
 (3) Q: Did you ever get a response to this letter of
 (4) October 16th?
 (5) A: No.
 (6) Q: Have you ever spoken to Mr. Barbour about any of
 (7) these events since the time you spoke to him when the events
 (8) were occurring and the loan guaranty was being made?
 (9) A: I have never spoken to him about this event.
 (10) MR. BARON: Let me put in Richards 22. I think
 (11) that's it. The witness is with you.
 (12) Benton, you said you had some holes you wanted to
 (13) fill.
 (14) MR. BECKER: Off the record.
 (15) (Discussion off the record.)
 (16) BY MR. BARON:
 (17) Q: Going back on the record, Mr. Richards, in
 (18) connection with Ambrous Young through his companies or his
 (19) companies providing funds for the loan guaranty, there has
 (20) been some discussion as to whether Mr. Volcansek received a
 (21) finder's fee. Did you receive any finder's fee?
 (22) A: No.
 (23) Q: Did you have any expectation of getting a finder's
 (24) fee?
 (25) A: No.

(1) Q: Back at the beginning in 1991 when Young Brothers
 (2) (USA) was created, are you aware that Young Brothers (USA)
 (3) was made the Team 100 member by virtue of \$100,000
 (4) contribution that had been made to the Republican political
 (5) interest?
 (6) A: Yes.
 (7) Q: Do you recall that?
 (8) A: Yes.
 (9) Q: Do you know why it was done that way as opposed to,
 (10) say, an individual membership?
 (11) A: I think that Mr. Courtelis - I don't have specific
 (12) recollection of what was said - but I think Courtelis
 (13) advised Ambrous to do that because then either his sons or he
 (14) or me or someone else could come. That if it was a personal
 (15) membership, it was not transferable, but he wanted a
 (16) corporate so that anybody could go with him.
 (17) Q: Earlier in the questioning I asked you did you
 (18) believe that Mr. Young understood that he was being treated
 (19) sort of specially by being given this opportunity to provide
 (20) funds for the National Policy Forum by way of this loan
 (21) guaranty, and I believe you indicated yes. What led you to
 (22) that belief? What is the factual basis for that?
 (23) A: Well, he would be a team member, Team 100 member.
 (24) His family would be Team 100 members. They would be
 (25) recognized as having done that. They would be - he was

(1) invited to participate and write in the Commonsense magazine,
 (2) and he would be given an opportunity to meet the leadership
 (3) of our Congress.
 (4) Q: But maybe my question wasn't completely clear. Was
 (5) Mr. Ambrous - is it your understanding he was sort of
 (6) singled out in particular as the person who would be given
 (7) the opportunity to help the party that way as distinguished
 (8) from someone on a list of 20 names? Did you have any
 (9) understanding in that regard?
 (10) A: No.
 (11) EXAMINATION BY COUNSEL
 (12) FOR THE MAJORITY
 (13) BY MR. PERRY:
 (14) Q: Steve Young is a son of Ambrous Young?
 (15) A: Yes.
 (16) Q: And he is an American citizen?
 (17) A: Yes.
 (18) Q: Alan Young is also a son of Ambrous Young?
 (19) A: Yes.
 (20) Q: Is he an American citizen?
 (21) A: Yes.
 (22) Q: Loren Young?
 (23) A: Yes.
 (24) Q: Loren Young is an American citizen?
 (25) A: Yes.

(1) Q: What role did Steve, Alan or Loren Young have in
 (2) the management of YBD (Hong Kong)?
 (3) A: They all have a specific role. Loren is involved
 (4) primarily with the real estate development. Steve is
 (5) involved primarily with aerospace. Alan is involved
 (6) primarily with the computerized management, the mechanical
 (7) computer programs and so on of the company.
 (8) Q: Is it fair to say that Ambrous Young and his three
 (9) sons are responsible for the management of the YBD (Hong
 (10) Kong)?
 (11) A: Yes, but the father doesn't give a lot of
 (12) management responsibility to the boys. I mean the Chinese
 (13) don't do that.
 (14) Q: Do you know what, if any, share Steve, Alan or
 (15) Loren Young hold in YBD (Hong Kong)?
 (16) A: No. I don't know that they don't have a share
 (17) though. They may have and I don't know. Nobody has told me.
 (18) I have not asked.
 (19) Q: Do you know whether or not as of 1993 a majority of
 (20) the ownership interest in YBD (Hong Kong) was held by
 (21) American citizens?
 (22) A: No, because I don't know who owned the majority
 (23) interest.
 (24) Q: Ambrous Young was an American citizen until very
 (25) late in 1993?

(1) A: Yes.
 (2) Q: At that point very late in 1993 it is your
 (3) understanding that Mr. Young renounced his U.S. citizenship?
 (4) A: I don't know that I would say "renounced." He has
 (5) had dual citizenship in Hong Kong and the United States. And
 (6) partially because of some bad health problems, he stays in
 (7) Hong Kong. He doesn't come here anymore and he just said,
 (8) hey, why should I be an American citizen. I am not there. I
 (9) don't live there. My wife is over here and my kids are over
 (10) here. My business is over here. Why should I be an American
 (11) citizen.
 (12) Q: Was that a private decision by Mr. Young?
 (13) A: I think so. I don't know who else had anything to
 (14) do with it other than Ambrous.
 (15) Q: Did he treat this as a private matter?
 (16) A: Yes, as far as I know.
 (17) Q: Do you know if Mr. Young or anybody else
 (18) communicated to either Haley Barbour or the RNC or NPF that
 (19) Mr. Ambrous Young had not retained his United States
 (20) citizenship?
 (21) A: No.
 (22) Q: At no point did that occur as far as you know?
 (23) A: I don't know of any point that it did occur.
 (24) Q: Obviously you never made such a communication?
 (25) A: No. I would regard that as a private matter.

Q: Mr. Steve Young participated in Team 100?

A: Yes.

Q: And, again, he is an American citizen?

A: Yes. So did Loren. So did Alan. So did Robert.

He has another son Robert, who is a young boy, and he has participated to some degree.

Q: Is Robert also an American citizen?

A: Yes. His wife, he has got a wife Nora, who is also an American citizen, and she has participated.

Q: Now, I have seen on at least one document Mr. Ambrous Young referred to as the managing director of YBD (Hong Kong). Are you familiar with that title?

A: I have heard that was his title, yes.

Q: Do you understand Mr. Ambrous Young to exercise control over the affairs of YBD (Hong Kong)?

A: My impression is that he does, although he has had people who have a higher title than him, i.e., Peter Chapman who is CEO. I think that's a higher title than managing director, but I don't know if it is higher in China. I don't know their technique and they don't always organize the way we do.

Q: But it is your understanding from what you observed and the dealings you have had with Mr. Young that he has, in fact, control of that organization?

A: I think that's fair.

Q: We talked a little bit during the interview about the Commonsense articles.

A: Yes.

Q: Do you know whether or not those Commonsense articles were written by Mr. Young or conceived of as some type of a quid pro quo?

A: I think they were incentive rather than quid pro quo. I think Chairman Barbour invited him to participate as an incentive to do this, rather than a quid pro quo.

MR. PERRY: Mark this as Exhibit 23. (Richards Exhibit No. 23 was

marked for identification.)

BY MR. PERRY:

Q: Let me point you to the last paragraph of the second page.

A: What document is it? It is October what?

Q: 11.

A: The last page?

Q: Yes.

MR. BROWN: Second page.

BY MR. PERRY:

Q: Last paragraph, second page.

A: Okay.

Q: Let me read you a sentence, second sentence.

"Indeed, Ambrous advised that the Board of YBD/Hong

Kong, for multiple reasons, would wish to retain the great majority of YBD/US after-tax profits in the U.S., to, among other things, reinvest such profits in the U.S., Engage consultants, employees, etc. both in the U.S. and abroad."

Do you recall reading that sentence?

A: No.

Q: Was it your understanding that as of October 1991 Mr. Young intended that YBD (USA) would operate as a business in the United States and retain its U.S. earnings?

A: Yes.

Q: And otherwise the sentence that I have read accurately reflects your understanding of Mr. Young's intentions as of October 11, 1991?

A: Well, you made mention of the YBD board and so on, and I don't know anything about that. But it was my understanding that the monies that were to be over here would be invested in the United States and they would literally have an American company that was ongoing.

Q: Let me ask you to take a look at page 3, item 3.

A: Page 2?

Q: Page 3.

A: Same page?

Q: Page 3.

A: Okay. The name of the corporation?

Q: "That YBD/Hong Kong shall loan the sum of

(1) \$2,950,000 to the newly formed YBD/US."

(2) You see that?

(3) A: Yes.

(4) MR. BECKER: What number is that?

(5) MR. PERRY: Paragraph numbered 3.

(6) BY MR. PERRY:

(7) Q: Was it your understanding with respect to the Team 100 and the prospective loan or participation by YBD (USA) in Mr. Courtelis's real estate investment that YBD (Hong Kong) was loaning money to YBD (USA)?

(8) A: Yes.

(9) Q: Previously marked -

(10) MR. BECKER: Counsel, just for the record, that paragraph goes on to say that YBD (USA) is going to receive a quarter of a million dollars from YBD (Hong Kong) by virtue of YBD (USA)'s sale of its stock to YBD (Hong Kong). That presumably would have produced a treasury, nontraceable to YBD (Hong Kong), of funds exclusively of YBD (USA). For the record purposes, I want you to know that did not occur. That did not occur, that retention of the quarter of a million dollars for the sale.

(11) BY MR. PERRY:

(12) Q: Let me direct you to what has been marked as Richards Exhibit 6, please, August 15, 1994.

(13) A: Yes.

(14) Q: I am looking at the second page which is a document titled "National Policy Forum Proposal for Ambrous Young."

(15) A: I got it.

(16) Q: Last paragraph of the page I just referred to, I would like to refer you to the sentence that reads, "However it should be clearly understood that financial contributions or financial assistance must not dictate final policy determinations."

(17) Do you recall having a discussion with Mr. Young about that topic?

(18) A: No. My understanding is that that was Fred Volcansek's language to make sure that even though Ambrous might give him money he had no right to dictate policy to the Forum. In other words, there are no strings attached.

(19) Q: In other words, the Forum didn't anticipate a quid pro quo?

(20) A: That's right.

(21) Q: With Mr. Ambrous Young?

(22) A: That's right.

(23) Q: Or with his companies?

(24) A: That's right.

(25) Q: I would now like to refer you to -

(26) A: Give me the page.

(27) Q: September 26, '94, Exhibit 23 to Mr. Becker's

(28) deposition.

(1) Alan, did you mark this one?

(2) MR. BARON: I'm not sure.

(3) MR. PERRY: I don't believe you did. But you might

(4) have.

(5) MR. BROWN: No, it is not marked.

(6) MR. BARON: It is Becker what?

(7) MR. PERRY: 23.

(8) MR. BECKER: Mr. Young's letter to me?

(9) MR. PERRY: Correct.

(10) MR. BECKER: I think that was marked 23.

(11) MR. BARON: In your deposition.

(12) MR. PERRY: I would like to mark this.

(13) (Richards Exhibit No. 24 was

(14) marked for identification.)

(15) BY MR. PERRY:

(16) Q: Do you recall reviewing this letter?

(17) A: I have read it. I don't recall reviewing it until the last few days, but I probably did a few years ago.

(18) Q: Let me direct your attention to the second paragraph of the letter, where, if I am paraphrasing correctly, Mr. Young is asking whether it is appropriate for him to be chairman and CEO of YBD (USA).

(19) A: Yes.

(20) Q: He writes at the last sentence of the letter, "This is not because of the US\$2.1 million guaranteed loan, but is

(1) aimed at developing future business for YBD (USA)."
 (2) Is it your understanding after September 26, 1994
 (3) that Mr. Young intended YBD (USA) to engage in business in
 the United States?

A: Yes, he certainly did.
 Q: Can you tell me what type of business Mr. Young
 intended YBD to be aiming at?
 A: Most of the preliminary work to acquire business
 was to acquire real estate. One in Florida, one in
 California, one in Texas, one in Washington. He was looking
 at buying real estate.

Q: Can you tell me specifically what real estate or
 where?
 A: I can tell you one of them was an office complex in
 Dallas. Another one was an office complex here in
 Georgetown. Another one was a strip mall in Florida.
 Another one was a group of apartments in California that were
 to be condominiumized and then, of course, the complex over
 here in Georgetown Park that he did buy.

Q: Did you have any involvement in the diligence that
 was undertaken with respect to those proposed acquisitions?
 A: No, because I'm not expert in that, but I know the
 people that were given due diligence requirements. There was
 due diligence provided on all of them.
 Q: And that was paid for by YBD (USA)?

A: I don't know who paid for it.
 MR. BECKER: Some of it.
 THE WITNESS: Nancy Lee, some of it was done by an
 employee of YBD, Nancy Lee.

BY MR. PERRY:
 Q: The acquisitions, had they gone through, would have
 been made by YBD (USA)?
 A: Yes.

Q: Let me ask you to take a look -
 A: Let me add one more thing. There are real estate
 brokers that were involved with this. The property was shown
 by brokers. So it wasn't just something we thought of. We
 can literally show there was a real estate broker involved
 and we went out and saw the property, et cetera.

MR. PERRY: Can I ask you to take a look a memo
 dated September 23, 1994 from Mr. Becker to Mr. Young. May I
 also please mark that as an exhibit with its attachment.
 (Richards Exhibit No. 25 was
 marked for identification.)

BY MR. PERRY:
 Q: With respect to the exhibit that has just been
 marked and I don't recall what number, 25, is this an exhibit
 you have previously reviewed?
 A: I don't remember doing that, but I would have to
 say that Benton has been pretty conscientious about sending

me stuff that he does with Ambrous. So I would have to say I
 had the opportunity to look at it. I don't recall looking at
 it.

Q: Is it your understanding that as of, on or about
 actually September 23, 1994, Mr. Becker was engaged in
 outlining procedures to ensure that no arguably violation of
 U.S. law could result from the YBD (USA) loan guaranty?
 A: I know he was engaged, yes.

Q: In that activity?
 A: In that purpose. Let me tell you that was a very
 important purpose of what we did. And we were all cognizant
 of that and concerned about it.

Q: Do you know what Mr. Becker's conclusions were?
 A: That it was a legal transaction.

Q: Do you know if Mr. Becker considered FEC law and
 regulations in performing that review?
 A: He did, and not only that, he relied on an opinion
 we got from a FEC lawyer.

Q: So you were comfortable as of September 23, 1994
 that the proposed loan guaranty to NPF was legal?

A: Oh, we were always comfortable it was legal. I
 still believe it was legal.

MR. PERRY: Let me stop there like I promised I
 would and let you get going.

For the record, I am suspending my questioning at

(1) this point in the deposition there is going to be further
 questioning arranged possibly via teleconference with the
 further understanding that the transcript won't issue until
 the deposition is completed.

Is that all right with you, Alan?
 MR. BARON: I think that's fine. I think it might
 be useful if we had the exhibits to date copied and made
 available to you and to me in case we want to refer back to
 them at any further questioning.

(Whereupon, at 3:00 p.m., the taking of the
 deposition was recessed, to reconvene at a date, time and
 place to be mutually determined by the parties.)
 (Signature not waived.)

CERTIFICATE OF DEPONENT
 I have read the foregoing 96 pages which contain
 the correct transcript of the answers made by me to the
 questions therein recorded.

RICHARD RICHARDS, ESQ.

Subscribed and sworn to before me this day
 of _____, 19____.

Notary Public In and for

My commission expires: _____

CERTIFICATE OF NOTARY PUBLIC

I, Emma N. Lynn, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me stenographically and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto nor financially or otherwise interested in the outcome of the action.

EMMA N. LYNN
Notary Public in and for
the District of Columbia

My commission expires: July 31, 1997.

2000-01-14 13:44:00

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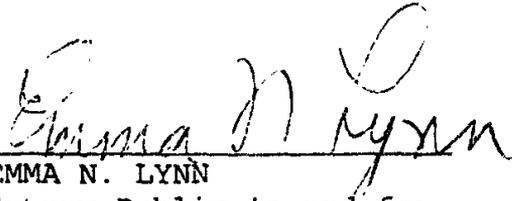
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11/11/2011 10:11:11 AM

1 CERTIFICATE OF NOTARY PUBLIC
2

3 I, Emma N. Lynn, the officer before whom the
4 foregoing deposition was taken, do hereby certify that the
5 witness whose testimony appears in the foregoing deposition
6 was duly sworn by me; that the testimony of said witness was
7 taken by me stenographically and thereafter reduced to
8 typewriting under my direction; that said deposition is a
9 true record of the testimony given by said witness; that I am
10 neither counsel for, related to, nor employed by any of the
11 parties to the action in which this deposition was taken;
12 and, further, that I am not a relative or employee of any
13 attorney or counsel employed by the parties hereto nor
14 financially or otherwise interested in the outcome of the
15 action.

16
17 
18 EMMA N. LYNN
19 Notary Public in and for
20 the District of Columbia
21
22
23
24
25

My commission expires: July 31, 1997.

YOUNG BROTHERS DEVELOPMENT (USA), INC.
A Florida Corporation

2001

53 009558 11-27 2591 102

Nov. 19 1991

63-398/67

Pay to the order of Rep. Party of Florida
Twenty-Five Thousand

\$ 25,000.⁰⁰

Dollars



637-101
1388 South Dale Hwy
Coral Gables, Florida 33146

For TEAM 100... Young Bro. Dev. (USA) Inc

[Handwritten signature]
Date: 11/19/91

YOUNG BROTHERS DEVELOPMENT (USA), INC.
A Florida Corporation

2002

51 138800 11-22 3549 102 91

Nov. 19 1991

63-398/6

Pay to the order of Rep. National State Election Committee
Seventy Five Thousand

\$ 75,000.

Dollars



637-101
1388 South Dale Hwy
Coral Gables, Florida 33146

For TEAM 100... Young Bro. Dev. (USA) Inc

[Handwritten signature]
Date: 11/19/91

EXHIBIT
Richards No. 1
Emma N. Lynn, Reporter 6/10/97

EXHIBIT
Becker 7
Date: 6/3/97
Reporter: David A. Kasdan, RPR

0001

0014

00 04 296 0546

EXHIBIT
Order 8
 Date: 6/3/97
 Reporter: David A. Kasdan, RPR

2038

60-386/610

YOUNG BROTHERS DEVELOPMENT (USA), INC.
 A Florida Corporation

Pay to the order of R.N.S.E.C.

Twenty Four Hundred Dollars

145492348 2721 6722 02 07-00-92

087-01
 186 South State Hwy
 Clear Lake, Florida 32106

For RASC Convention Registration
 Team 100 Member
 Kofambros / em

05037051

07-30-92 July 28, 1996

202547557 07-30-92 023 18 23,400.00

EXHIBIT
Richards No 2
 Emma N. Lynn, Reporter 6/10/97

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0510-0003-3
0510-0003-3
0510-0003-3

0660-0010-9
146422743 07-30-92

051006278X
SINGLETON
VA

07 20 92

PAY TO THE ORDER OF
BANK OF VIRGINIA
FALLS CHURCH, VA
FOR DEPOSIT ONLY
REPUBLICAN NATIONAL STATE
ELECTIONS COMMITTEE 891 730 7267
1065-54886

0004

0017

0450 000 400 00

EXHIBIT

Richards No 4
 Emma N. Lynn, Reporter 6/10/97

EXHIBIT

Reker 13

Date: *6/3/97*
 Reporter: David A. Kasdan, RPR

Frederick W. Volcansek

Thursday, July 28, 1994

Talking Points for Haley Barbour

1. Fred Volcansek and your nephew, Steve, have been meeting with me, staff members of the RNC and the National Policy Forum (NPF) to discuss ways in which Ambrous Young and his family might be of help to our efforts during the upcoming mid-term election time period.
2. Although Fred and Steve have assured me that you have been apprised, in concept, of what is being proposed, because I understand that Ambrous is a long time friend and client of yours, I wanted to call you personally to discuss the importance of this project.
3. I am sure that you have been tracking the possibilities for the Republican Party in the upcoming mid-term elections in both the House and the Senate. They appear to be better than we ever anticipated. We truly have a chance to take at least a working majority in the House.
4. As you well know from your experience in this job as Chairman, the key is the fund raising. We need to support over 90 races. At the same time, we need to keep working on the policy framework being developed at the NPF. I believe that it is imperative that we do both simultaneously.
5. We would like to propose a loan from Ambrous Young's family to the NPF which will allow us to free up the money previously advanced to the NPF and make it available for the elections. Pledges are coming in steadily but not in the amounts or in the time necessary to accomplish the goals we have set and which would appear to be truly attainable.
6. Dick, I understand that Ambrous is considering my invitation to come to Washington, D.C. next week on August 1 for a meeting and dinner. I have planned to introduce him to Bob Dole and Newt Gingrich and maybe Connie Mack so that Ambrous can understand how serious we are about this and to assure him how much we will appreciate his support.
7. I would really appreciate your support of my effort in this regard and hope that you could join us for the meeting. I understand that you are anticipating going to the Far East on business, but I hope that I can prevail upon you to come here first and join me in putting this together.
8. Your leadership in this party has always meant a lot to me and your support of my election as Chairman has not been forgotten. I know you love it in Ogden, and you have said for years that you wanted to go back to Utah to retire, but I hope that you won't stay away from your role as a major player in our national efforts here at the RNC. Please consider coming to Washington, D.C. for this meeting and letting me bring you up to date on how close we are to realizing a major success in the Congress.

COMMERCE CONSULTANTS INTERNATIONAL, LTD.

1025 Thomas Jefferson St., N.W.

Suite 105

Washington, D.C. 20007

Telephone: (202) 342-9610

FAX (202) 342-0650

July 28, 1994

Mr. Ambrous T. Young
Young Brothers Development Co., Ltd.
23rd Floor. Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong

Via Fax 852-873-0902

Dear Ambrous:

Thank you for your time and hospitality on my recent stay in Hong Kong. I very much enjoyed the company of you and your family.

Following up on our conversation regarding the Republican National Committee and the National Policy Forum, I discussed the question of scheduling with the Chairman of the RNC, Mr. Haley Barbour, and a meeting followed by dinner for Monday, August 1, 1994 appears to be the best time given everyone's busy schedule.

Again, I want to tell you that this effort is being handled in a very select manner and the parties are all very sensitive to discussing this effort with you personally in the most appropriate circumstances.

Finally, I expect Dick to contact you shortly regarding this initiative. If I can be of any assistance, please do not hesitate to contact me.

Thank you again for you hospitality. I look forward to see you again.

Best personal regards.

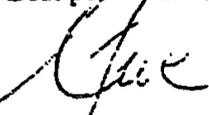

Steve Richards

EXHIBIT
<i>Becker, 14</i>
Date: <i>6/3/97</i>
Reporter: David A. Kasdan, RPR

EXHIBIT
Richards No. 5
Emma N. Lynn, Reporter *6/10/97*

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0026

COMMERCE CONSULTANTS INTERNATIONAL, LTD.
WASHINGTON, D.C.

Tele: 202-342-9610
Fax: 202-342-0650
MCI Mail: C.C.I., Ltd.

FAX TRANSMISSION - CONFIDENTIAL

TO: Benton Becker
Law Offices of Benton Becker

DATE: August 15, 1994

FAX NO: (305) 662-9276

FROM: Steve R. Richards

TOTAL PAGES 3

RE: RNC ISSUE - BACKGROUND

Dear Benton:

Attached is a background on the RNC issue provide by Fred Volcansek. Fred is a long time friend of ours and he is the one that has brought the RNC issue to us.

This apparently is part of the document Dick gave to ATY. It has been updated as far as the dates are concerned.

If the RNC calls, before Dick can talk with you on the phone. of course we can defer the conversation until you have received more information..

Steve

EXHIBIT
Becker 15
Date: *6/3/97*
Reporter: David A. Kasdan, RPR

EXHIBIT
Richards No 6
Emma N. Lynn, Reporter *8/20/97*

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National Policy Forum Proposal for Ambrous Young

Monday, August 15, 1994

Upon the election as Republican National Committee Chairman. Haley Barbour believed that an independent center for the exchange of ideas was needed to serve as a foundation to reach out to the people of America. as a result of the loss of the '92 Presidential campaign. The National Policy Forum (NPF) was established by Chairman Barbour to accomplish this task.

Over this past year. the NPF has visited over 60 cities throughout the US. held public forums which were attended by over 10,000 people. listened to what was being said and what was necessary to get American public policy in line with American beliefs.

The NPF formed 14 different policy councils to gather the information and publish the enclosed Summary Report. Chairman Barbour, who also serves as Chairman of the NPF. believes we must continue these efforts to develop a positive alternative agenda for America that is responsive to the beliefs of a majority of America's citizens.

He appreciates your thoughts regarding the issues which face the U.S. China and the Far East. He believes that a committee to study these issues would best fit within the framework of either the policy council on "Competing in the Global Marketplace" or the policy council on "U.S. Leadership in a Changing World".

Chairman Barbour recognizes and is grateful for the contributions you have made in the past. He feels that your family and its extensive experience in the Far East can contribute even more significantly to the NPF's development of a "Far East Policy".

In planning for the '94 mid-term election cycle in the Congress. it has been determined that there are 176 highly contested races. The RNC is faced with the need to support substantially over 90 of these races. The prospects for a Republican majority in the House of Representatives is realistic for the first time in over 40 years. It appears that there is also reasonable potential to retake the majority in the Senate.

What the NPF needs from you is a three year loan guarantee in the amount of \$3.5 million to either Chase Bank or Citibank. To handle the debt repayment. the NPF already has received pledges for 1995 in the amount of \$1.8 million. Chairman Barbour is committed to continuing his fund raising efforts on behalf of the NPF's work and fully intends for the NPF to repay the loan. However, if there is any default in loan payments by the NPF, he will authorize the guarantee of the RNC and ask for the Republican National Committee's ratification. As Chairman of the RNC and the NPF. he intends to be certain that neither organization defaults on its obligations.

In addition to the creation of a committee for the "Far East" within the NPF. you would be asked to suggest potential members for the committee. as well provide your own input on the policy issues. However it should be clearly understood that

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financial contributions or financial assistance must not dictate final policy determinations.

The timing of this effort is crucial. The loan needs to be arranged and funded in the next two weeks. Chairman Barbour, Senator Dole and Congressman Gingrich, who are committed to the NPF, will make themselves available to express their support for your participation on this project.

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EXHIBIT

Richards No. 1
Emma N. Lynn, Reporter 6/16/97

Frederick W. Volcansek

Monday, August 29, 1994

To: Don Fierce
Dan Denning

EXHIBIT

Baker 16

Date: 6/3/97

Reporter: David A. Kasdan, RPR

1. I was told by Steve Richards last night that Ambrous was pleased by our dinner meeting and that he is looking forward to receiving the white paper or how all this works by FedEx tomorrow morning in San Francisco.

2. Haley did an excellent job. The idea of a separate personal letter to Ambrous from Haley is also excellent.

a. It would incorporate Haley's offer to have Ambrous contribute an article to "Common Sense" for the March '95 issue.

b. It would remind Ambrous that Haley would like for Ambrous to attend the Political Leaders Conference in Seoul, Korea in September '95.

c. It would suggest that Haley would like to look to Ambrous as a key advisor on trade related and political issues in the Far East.

d. Mention the Team 100 trip to the Far East and offer to have him participate in a meaningful way. Maybe some specifics.

e. Mention Haley's desire to meet Steve Young personally when he comes for the Team 100 meeting in September

3. A white paper would be drafted by Kenton Serker which would lay out the concepts for the issues which we discussed Saturday evening.

a. A task force on Far East issues which combines Trade, Defense, Economic and Political issues under one study group within the National Policy Forum.

b. Asking Ambrous Young and his family to be actively involved. Some explanation.

c. Asking Dick Richards to be actively involved. Some explanation.

d. A discussion of the loan guarantee for the National Policy Forum and the critical timing of its funding.

e. Describing the political picture as it appears for the November elections.

f. Emphasize the need to move both policy and political issues on separate but simultaneous paths.

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A Republican Center for the Exchange of Ideas

August 30, 1994

HALEY BARBOUR
Chairman

MICHAEL E. BAROODY
President

Mr. Ambrous T. Young
President, Managing Director
Young Brothers Development Co., Ltd.
23rd Floor, Dah Sing Financial Centre
108 Gloucester Road
HONG KONG

EXHIBIT

Becker 19

Date: 6/3/97

Reporter: David A. Kasdan, RPR

Dear Ambrous:

Thank you for agreeing to write an article for the Winter 1995 edition of Commonsense, the National Policy Forum's (NPF) Republican Journal Of Thought And Opinion, on trade, economic, defense and diplomatic relationships in the Far East. This is a critical area of the world, and the dynamic situations in the People's Republic of China, the Republic of China and Hong Kong are of great interest to political and business leaders in the United States.

In the next few days you will be contacted directly by either the Vice President for Policy of NPF or by the editor of Commonsense to begin making arrangements for your article. I have asked them to make sure you have copies of all three issues of Commonsense which have been published to date.

The National Policy Forum is very interested in the Pacific Rim and the increasingly large role it plays in American economic life. Therefore, NPF is forming a task force from its trade, economic, defense and foreign affairs policy councils to focus on the Far East. Too little attention is paid to developments in that part of the world. For instance, your point at dinner about the differences between the policy of the current ROC government on Taiwan as to the PRC, versus the policy of the ROC under Chiang Kai-shek and Chiang Ching-kuo is little noticed and less understood here in our country. Yet it can have a tremendous effect on U.S. foreign, defense and trade policy.

In addition to asking current policy council members to serve on this task force, I hope others such as Dick Richards and Steve Young will also be interested in participating. The NPF staff will contact each of them.

EXHIBIT

Richards No. 5
Emma N. Lynn, Reporter 6/18/97

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Mr. Ambrous T. Young
Page 2
August 30, 1994

Finally, I am enclosing a fact sheet about the National Policy Forum, its work and its financial situation. I hope it responds to all the questions you asked Saturday night. If not, please call me or have Dick or Steve contact me.

Thanks again for a delightful evening. I look forward to working with you and to having the benefit of your experience and counsel on some of these important issues.

Sincerely,


Haley Barbour

Enclosure

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The National Policy Forum

As David Broder, the senior political correspondent for the Washington Post, states in the attached column, Chairman Haley Barbour recognizes Republicans must develop a positive alternative agenda of their own if the GOP is to win back the White House, control Congress and effectively govern into the 21st Century. It is not enough to oppose Bill Clinton and his Democrat allies, Republicans must also give Americans something to vote for -- a Republican agenda and vision for the future.

The National Policy Forum (NPF), a Republican Center for the Exchange of Ideas, was established by Barbour last year with an extremely ambitious mission. It was to be an intensely participatory policy institution which would first seek and consider ideas of Americans "outside the Beltway" and then craft those ideas, consistent with Republican principles, into a public policy agenda which would have the input and support of all groups in the party and, indeed, of many others who are not "card-carrying Republicans"

NPF's success in its first year has confirmed Barbour's belief voters want to have a voice in public policy. Over 177,000 Americans participated in its work through June 30, and involvement by party leaders and elected officials has been truly remarkable. Ninety-eight Senators and Congressmen and virtually all GOP governors have co-chaired policy councils or hosted or spoken at one of NPF's 62 public forums. Every major conservative and pro-business think tank has representatives on its policy councils, and every potential presidential candidate is participating.

The Forum's initial report, the summary edition of Listening to America, has been widely distributed and exceptionally well-received. The full edition of this report will be published in September. Next spring the Forum will publish An Agenda for America, which promises to be the foundational document of Republicanism and the public policy touchstone for all 1996 GOP presidential candidates.

The National Policy Forum has a two-year (July 1, 1993 through June 30, 1995) budget in excess of \$6 million. Just over \$4 million will have been spent by the publication of the full edition of Listening to America in September. NPF has raised \$3.8 million, including pledges. (Most contributors pledge to give a certain amount a year for two or more years.) The RNC has advanced NPF approximately \$2.1 million which is nearly matched by the Forum's \$1.95 million in pledges and renewals for the balance of 1994 and 1995. The RNC has not required that these pledges be collateral for its loan to NPF, but NPF would pledge them toward repayment of the \$3.5 million loan under consideration. Only 53 companies, trade associations and individuals have contributed or pledged so far, with the average commitment in excess of \$70,000. Many other Fortune 500 companies and major entrepreneurs and businesses are yet to be contacted for support.

NPF would like to refinance its debt to the RNC via a \$3.5 million bank loan. The proceeds would be used to pay the existing debt to the RNC and to provide cash flow to

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NPF beyond the beginning of 1995. In this way the Forum would not need to raise funds during this fall's political season when competition for contributions is especially keen, and most potential donors are focused on elections and not public policy.

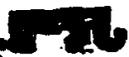
As evidenced by the attached articles, political writers agree this is the best political environment for Republicans in decades. Many predict the GOP could not only win control of the U.S. Senate but has a realistic though outside chance of winning a majority in the U.S. House of Representatives for the first time in 40 years. Everyone predicts major Republican gains in November's mid-term elections, and if this occurs, Republicans are likely to have effective control if not outright majorities in one or even both Houses. Barbour has publicly said the party's greatest problem is that its opportunities far exceed its resources.

The RNC, recognizing its need to meet this historic opportunity, voted at its July meeting in Los Angeles to increase its budget by \$12 million (25%) and to put at least \$10 million of that into campaigns and campaign activities. Instead of funding up to 60 house races as originally planned, the RNC and its House affiliate the National Republican Congressional Committee now need to fully fund over 100 congressional races, which will require in excess of \$7 million. And this amount is over and above its contributions to Senate and governors races and to state party campaign efforts to support those races.

In light of this effort by the Republican National Committee to greatly increase its fundraising and because every political institution is fighting for contributions, it is clear NPF is right to think it cannot effectively compete in fundraising during this campaign

Enclosures

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**Republican
National
Committee**

**Malay Barbour
Chairman**

EXHIBIT
Richards No 9
Emma N. Lynn, Reporter 6/10/97

August 30, 1994

**Mr. Benton Becker
Kendar Building
Suite 215
1550 Madruga Avenue
Coral Gables, Florida 33146**

EXHIBIT
Becker 20
Date: *6/3/97*
Reporter: David A. Kasdan, RPR

Dear Benton:

It is my understanding one of your clients — a domestic corporation — is considering guaranteeing a \$3.5 million bank loan to the National Policy Forum (NPF).

As you know the Republican National Committee has loaned NPF over \$2 million since last summer. Currently, NPF has just under \$2 million in pledges and renewals, primarily due later this year and in 1995, as compared to a balance outstanding to the RNC of approximately \$2.1 million. RNC has never asked NPF to secure its loan by giving the receivables as collateral, but I am certain NPF would gladly pledge them to the lender and/or guarantor.

Because NPF is separate from the Republican National Committee, the RNC is not automatically responsible for its debts. Nevertheless, I am committed to making sure NPF raises sufficient funds to cover its operations and to pay off any and all its debts. Moreover, as Chairman of the RNC, in the event NPF defaults on any debt, I will ask the Republican National Committee to authorize me to guarantee and pay off any NPF debts. I am confident the RNC would grant me such authority at its next meeting, provided there is valid, outstanding debt of NPF to a U.S. bank or other lending institution, guaranteed by a U.S. citizen or domestic corporation.

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Mr. Benton Becker

Page 2

August 30, 1994

The full Republican National Committee supports the work of the National Policy Forum and recognizes its great value to our country and our party's future.

Sincerely,



Haley Barbour

Chairman

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YOUNG BROTHERS DEVELOPMENT CO., LTD.

23rd Floor, Dah Sing Financial Centre
106 Gloucester Road
Hong Kong

Telephone 852-408-6632
Facsimile 852-398-5109
852-398-0373
Telex 83516 YBDCL HX

FAX TRANSMISSION COVER SHEET

COMPANY
SENSITIVE

TO: Mr. Benton Becker and Mr. Dick Richards *Wats a*

YOUR FAX NO.: 1 305 662 9276 (Mr. Becker)
1 801 399 9954 (Mr. Richards)

DATE: September 10, 1994

FROM: Ambrous Young

OUR REF. NO.: FAX/6512/94

COVER SHEET + PAGES TO FOLLOW = 3 pages to Mr. Becker
9 pages to Mr. Richards

EXHIBIT
Becker 21
Date: *6/3/97*
Reporter: David A. Kasdan, RPR

EXHIBIT
Richards No. 10
Emma N. Lynn, Reporter *6/16/97*

TAIWAN

SINGAPORE

HONG KONG

AUSTRALIA

UNITED STATES

MEMBERSHIP THROUGH THE ASIA-PACIFIC REGION

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**Republican
National
Committee**

**Halley Barbour
Chairman**

B. B. B.

RECEIVED
YOUNG BROTHERS DEVELOPMENT CO., LTD.
02 SEP 1994

August 30, 1994

**Mr. Ambrous T. Young
President, Managing Director
Young Brothers Development Co., Ltd.
23rd Floor, Dah Sing Financial Centre
108 Gloucester Road
HONG KONG**

Dear Ambrous:

Thank you for a lovely dinner Saturday night in Washington, D.C. I am very pleased to have met Annie and to have had an opportunity to visit with you.

My office is contacting Steve to confirm he will attend the Team 100 meeting on September 13. I want to invite him to come by my office for a visit after the meeting; then he and I can go to Senator Dole's dinner together from here.

As we discussed at dinner, I plan to attend an International Democrat Union (IDU) conference for party chairmen in Korea next year. It is tentatively scheduled for early September, 1995. I am reiterating my invitation for you to join me at the conference.

The IDU is the organization of center-right parties in the world. The party chairmen's conference will include some heads of party who are also heads of government, such as Prime Minister Carl Bildt of Sweden the current chairman of NATO. I think you would enjoy the conference, and the attendees would like meeting you.

Since the arrangements are so sketchy, I will stay in touch with your office directly or through Dick Richards as the schedule develops. As I mentioned at dinner, I hope to travel to Hong Kong in conjunction with this conference.

YOUNG BROTHERS DEVELOPMENT CO., LTD.

23rd Floor, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Telephone 852-598-6632
Facsimile 852-598-3109
852-598-0575
Telex 83318 YBDCI HK

BY HAND

OUR REF: YBC/L/1984/94

September 9, 1994

COMPANY
SENSITIVE

The Honourable Maleny Barbour
Chairman
Republican National Committee
Dwight D. Eisenhower Republican Center
310 First Street Southeast
Washington, D.C. 20003
U.S.A.

Dear Halay:

After I have heard so much about you, it was a great pleasure to know you. I appreciate for the valuable time you spent with me on August 27, and our conversation during the dinner was most enjoyable.

As a loyal Republican of the Youngs and on the issue of NPF's budget difficulties which we have discussed and elaborated under the White Paper of The National Policy Forum sent to me with your letter of August 30, 1994, I wish to give you the following comments:

1. As you may be aware that the Youngs have been one of the strong and constant financial supports of the Republican Party in the past, therefore, I wish to express that anything we can assist for winning the control of the Senate, the House and the White House will be a pleasure and honour for us. This is our attitude and sincerity in the past, at present as well as in the future.
2. In consideration of the possible consequence in addition to the financial liability, we prefer to support the Republican Party under the same manner which we have done in the past if NPF's existing requirement can be obtained from other channels.
3. If not possible, we are willing to consider the support of \$2.1 million which is the amount you have expressed to me that is urgently needed and directly related to the November Election.

/P.2

TAIWAN

SINGAPORE

HONG KONG

AUSTRALIA

UNITED STATES

MEMBERS THROUGHOUT THE ASIA PACIFIC REGION

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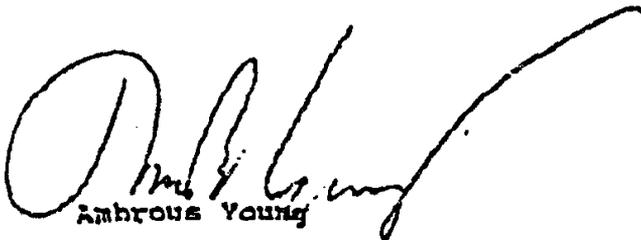
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YOUNG BROTHERS DEVELOPMENT CO., LTD.

P.2

I am asking my son, Steve Young, to deliver this letter to you with explanations on my behalf. If you decide that our services are needed, then I shall be more than pleased to instruct Mr. Benton Becker to proceed legally so that all parties can be well protected.

Best regards,



Ambrous Young

ATY/aw

c.c. Mr. Richard Richards, President, YBD (USA)
Mr. Benton Becker, Legal Counsel & Treasurer,
YBD (USA)

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Mr. Ambrous T. Young
Page 2
August 30, 1994

Finally, I am enclosing a fact sheet about the National Policy Forum, its work and its financial situation. I hope it responds to all the questions you asked Saturday night. If not, please call me or have Dick or Steve contact me.

Thanks again for a delightful evening. I look forward to working with you and to having the benefit of your experience and counsel on some of these important issues.

Sincerely,


Halcy Barbour

Enclosure

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NATIONAL POLICY FORUM

A Republican Center for the Exchange of Ideas

August 30, 1994

J. Z.

HALEY BARBOOD
Chairman

MICHAEL E. BARBOOD
President

Mr. Ambrous T. Young
President, Managing Director
Young Brothers Development Co., Ltd.
23rd Floor, Dah Sing Financial Centre
108 Gloucester Road
HONG KONG

Dear Ambrous:

Thank you for agreeing to write an article for the Winter 1995 edition of Commonsense, the National Policy Forum's (NPF) Republican Journal Of Thought And Opinion, on trade, economic, defense and diplomatic relationships in the Far East. This is a critical area of the world and the dynamic situations in the People's Republic of China, the Republic of China and Hong Kong are of great interest to political and business leaders in the United States.

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Mr. Ambrous T. Young
Page 2
August 30, 1994

Done

By the way, a group of our Team 100 members — an organization of our most generous donors, of which Steve is a member — will be in Asia this September. They will visit Taipei, Hong Kong and several cities in the PRC.

I have suggested to Henry Barbour, my nephew, who runs the program, to contact you for your suggestions and counsel. I am certain you will be hearing from Henry very soon.

Please know I appreciate your counsel and the support of you and your family. I look forward to seeing you again soon.

Sincerely,



Haley Barbour
Chairman

EE/bmr

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The National Policy Forum

As David Broder, the senior political correspondent for the Washington Post, states in the attached column, Chairman Haley Barbour recognizes Republicans must develop a positive alternative agenda of their own if the GOP is to win back the White House, control Congress and effectively govern into the 21st Century. It is not enough to oppose Bill Clinton and his Democrat allies. Republicans must also give Americans something to vote for -- a Republican agenda and vision for the future.

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As evidenced by the attached articles, political writers agree this is the best political environment for Republicans in decades. Many predict the GOP could not only win control of the U.S. Senate but has a realistic though outside chance of winning a majority in the U.S. House of Representatives for the first time in 40 years. Everyone predicts major Republican gains in November's mid-term elections, and if this occurs, Republicans are likely to have effective control if not outright majorities in one or even both Houses. Barbour has publicly said the party's greatest problem is that its opportunities far exceed its resources.

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In light of this effort by the Republican National Committee to greatly increase its fundraising and because every political institution is fighting for contributions, it is clear NPF is right to think it cannot effectively compete in fundraising during this campaign.

Enclosures

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NATIONAL POLICY FORUM

A Republican Center for the Exchange of Ideas

342-9610

September 19, 1994

342-0650

~~MALEY BARBOUR~~
Chairman

Mr. Ambrous T. Young
President, Managing Director
Young Brothers Development Co., Ltd.
29rd Floor, Dah Sing Financial Centre
108 Gloucester Road
HONG KONG

To: <i>David Aronson</i>	Date: <i>9/23</i>		Rep Natl Comm
Co:	# of Pgs: <i>2</i>		
Dept:	From: <i>Barbo</i>		
Fax No: <i>202 785-5588</i>	Phone #		Fax #

Dear Ambrous:

Steve and I had a delightful visit last week, and I am very pleased he was able to attend the Team 100 meeting. I hope he enjoyed it.

Needless to say, I am very grateful for the news he delivered. It is extremely generous and tremendously helpful to our efforts.

He and my nephew Henry visited several times, and I am sure by the time you receive this letter the Team 100 group will have visited Hong Kong. I hope the schedules worked out so that they were able to meet you and your family.

Steve advised me you had already given some thought to the article you will be writing for Commonsense. They are working on the issue for the last quarter of '94, and I'm sure it will not be too many weeks before they contact you about your article in the issue after that.

By the way I had a great meeting with Dick Richards and Fred Volcansek, as well as Steve. Dick is a champ and a real ally. I know he is a trusted associate of yours, but I want you to know he is also a highly respected party leader whose counsel I benefit from very often.

It is my understanding that our attorneys will be meeting with Benton Becker later this week. I got the impression from Steve and Dick that this was the next step to consummate the loan.

Finally, I was heartened by Steve's telling me that at the end of the year consideration would be given to doing even more. The Young family and your company are exceptionally generous, and I am genuinely grateful for the confidence you are showing in me. There is no better or more effective way to help in what we are doing than this.

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Mr. Ambrous T. Young
September 19, 1994
Page 2

Know that I look forward to seeing you again soon. Having met Steve, of whom I know you must be very proud, I look forward to our spending more time together and, particularly, hope your schedule will allow you to participate in the International Democrat Union Conference next year in Seoul. I would like for the party leaders from around the world to meet you and to benefit from your counsel.

Sincerely,



bcc: Dick Richards
Fred Volcansak
Don Flarce
Dan Denning

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0049

SIGNET

June 4, 1996

By Certified Mail

Benton L. Becker, Esq.
Secretary/Treasurer
Young Brothers Development, Ltd. (USA)
1550 Madruga Avenue, Suite 329
Coral Gables, FL 33146

Re: October 13, 1994, Promissory Note (as amended, the "Note") and
Credit and Security Agreement (as amended, the "Credit Agreement")

Dear Mr. Becker:

We are writing with respect to the referenced Note and Credit Agreement regarding the loan to the National Policy Forum (the "Borrower") from Signet Bank (the "Bank") in the maximum principal amount of \$2,100,000 and with a current outstanding principal balance of \$1,527,000. The loan is secured by Certificates of Deposit pursuant to Assignments of Deposit (the "Assignments") from USA Young Brothers Development, Inc. (The "Assignor") to the Bank.

Section 5.1(a) of the Credit Agreement provides that it shall be an Event of Default under the Credit Agreement if Borrower fails to pay or cause to be paid when due any amount required to be paid under the Credit Agreement if such failure shall continue for more than 60 days. Borrower has failed to pay, and has advised the Bank that it will not pay, the principal payment of \$191,000 due under the Credit Agreement and the Note on April 30, 1996. That payment is secured by Certificate of Deposit No. _____ (the "CD"), and the Borrower has requested that the Bank liquidate the CD in satisfaction of the Borrower's obligation.

This letter will provide notice that in the event that the payment due on April 30, 1996, remains unpaid for 60 days from that date, and without limitation of any other rights or remedies the Bank may have with respect to default in payment or any other Event of Default that may exist now or in the future, the Bank will exercise its rights under the Credit Agreement and the Assignments to liquidate the CD.

EXHIBIT

Richard D. 11
Emma N. Lynn, Reporter 6/10/97

EXHIBIT
<i>Becker 37</i>
Date: <i>6/3/97</i>
Reporter: David A. Kasdan, RPR

0030

0159

0030 0159 0575

Please feel free to call if you have any questions.

Sincerely,



John S. Bredin
Vice President

cc: (By certified Mail) Mr. John R. Bolton, National Policy Forum
Mr. Thomas Josefiak, Republican National Committee

0031

0160

LAW OFFICES OF RICHARD RICHARDS

2603 WASHINGTON BLVD.
SUITE 300
OGDEN, UT 84401
PHONE: (801) 399-9910
FAX: (801) 399-9954

1025 THOMAS JEFFERSON ST. NW
SUITE 105
WASHINGTON, DC 20007
PHONE: (202) 472-9610
FAX: (202) 342-0660

IN THOMAS JEFFERSON
OFFICE
UTAH AND IDAHO BARS

RICHARD RICHARDS
JESSE
DC AND UTAH BARS

OF COUNSEL
BENTON L. BECKER
CRIPAL CANSA P.

June 6, 1996

The Honorable Maley Harbour
Chairman
Republican National Committee
310 First Street, SE
Washington, DC 20003

FAX: 202-863-8774

RE: Ambrous Young loan to RNC

Dear Mr. Chairman:

I understand that you have simply postponed the April payment -- put it on the end of the contract, etc.

Ambrous has contacted me and Benton Becker, his attorney, and has instructed us to tell you that he expects the Committee to make payments on this Note when due. In the meantime, he is still attempting to find a way to accommodate you with some degree of forgiveness, but until he sees a way to do so, he expects you to be making payments in accordance with the contract.

If you want to discuss this further with me, give me a call.

Best regards,

Richard Richards

EXHIBIT

Richards No. 12
Emma N. Lynn, Reporter 6/10/97

RR/ppc

cc: Ambrous Young
Benton Becker

EXHIBIT
Becker 38
Date: *6/3/97*
Reporter: David A. Kasdan, RPR

0032

0161

202-04-336-2537

YOUNG BROTHERS DEVELOPMENT CO., LTD.

7th Floor, Harcourt House
19 Gloucester Road
Hong Kong

Telephone 852-2598-6632 (General)
Facsimile 852-2598-0575 (Chairman & CEO)
852-2598-5109 (Aviation & Bus.Dev.)
852-2528-3012 (Finance & Adm.)

To: Benton Becker 13056629276
Richard Richards 18013999954

21 JUN 96

Fm: Peter K. Chapman

Ref.: FAX/417/96

Gentlemen,

I have discussed the current default situation with Ambrous and we would like your consensus opinion on next steps. Our (AY&I concur) position is that there is an obligation on their part to honor their commitment. We are not the least bit interested in commingling the current problem with other investment opportunities. If they have other ideas/requirements, we will be glad to listen, but it is on an entirely separate basis. They first must satisfy the obligations they have entered into. AY recognizes that we may have to "offend" some people in forcing them to satisfy what they contracted. Of course he would like to do it with the slightest offense possible but recognizes this may not be possible. Therefore, please let me know your recommendations for next steps. I do not feel that we should let this drag on for any length of time.

Best,



EXHIBIT
Richard's No 13
Emma N. Lynn, Reporter 6/10/97

EXHIBIT
<i>Becker 40</i>
Date: <i>6/3/97</i>
Reporter: David A. Kasdan, RPR

TAIWAN

SINGAPORE

HONG KONG

AUSTRALIA

UNITED STATES

0033

OPERATIONS THROUGHOUT THE ASIA PACIFIC REGION

0163

YOUNG BROTHERS DEVELOPMENT CO., LTD.

7th Floor, Harcourt House
19 Gloucester Road
Hong Kong

Telephone 852-2598-6632 (General)
Facsimile 852-2598-0575 (Chairman & CEO)
852-2598-5109 (Aviation & Bus.Dev.)
852-2528-3012 (Finance & Adm.)

FAX TRANSMISSION COVER SHEET

TO: Mr. Richard Richards, fax 1 801 399 9954
Mr. Benton Becker, fax 1 305 662 9276
Mr. Steve Richards, fax 1 202 342 0650

SUBJECT: Loan Repayment

DATE: June 28, 1996

FROM: Ambrous Young

OUR REF. NO.: FAX/438/96

EXHIBIT
Becker 42
Date: *6/3/97*
Reporter: David A. Kasdan, RPR

COVER SHEET + PAGES TO FOLLOW = 2

Dear Dick, Benton & Steve:

Attached herewith is the letter I propose to send to HB of which I have already signed. Unless you have any changes, otherwise I shall DHL the original to Steve for him to deliver. Please advise.

Best regards,

Ambrous

EXHIBIT
Richards No. 14
Emma N. Lynn, Reporter *6/10/97*

003.

LAW OFFICES OF

BENTON L. BECKER

CORAL GABLES, FLORIDA

THE RONDAY BUILDING
1550 MADRUGA AVENUE
SUITE 329

CORAL GABLES, FLORIDA 33146
(305) 662-4000

BAR MEMBER OF
WASHINGTON D.C., MARYLAND AND FLORIDA

TELEFAX: (305) 662-9276

OF COUNSEL
RICHARD M. HABER
TAMPA, FLORIDA

WASHINGTON, D.C.
RICHARD RICHARDS
1025 THOMAS JEFFERSON ST. N.W.
SUITE 105
WASHINGTON, D.C. 20007
(202) 342-0810

Memo To: Ambrous T. Young

From: Benton L. Becker

Re: Signet Bank National Policy Forum Loan Guarantee

Date: June 28, 1996

The tone and content of your proposed letter to HB is perfect. I submit the attached proposed changes (shown in italics) to avoid mischaracterization of YBD (USA)'s loan guarantee commitment to the National Policy Forum and to make clear precisely what action we want HB to undertake.

cc: Richard Richards
Steve Richards

0036

0170

2

June 28, 1996

Honourable Haley Barbour
FAX: 1 202 863 8774

Dear Haley:

Mr. Richard Richards and Mr. Benton Becker reported to me that the *National Policy Forum* is unwilling to make its April 31, 1996 and July 31, 1996 \$191,000.00 principal payments to Signet Bank on the NPF's Loan Agreement of October 7, 1994, for which I am indeed concerned. By this letter I request you to do as promised to Mr. Becker in your letter of August 30, 1994, i.e. "in the event NPF defaults on any debt (to the Signet Bank), I will ask the RNC to authorize me to guarantee and pay off any NPF debts."

It is true that you have expressed to me the difficulties for the Forum to repay the loan, and it is also true I have stated to you that the agreed loan should be cleared for various reasons. If additional funding is needed in the future, we shall try to look into the possibility of raising the money. However, the two issues of repayment of the *National Policy Forum's* outstanding loan obligation to Signet Bank and our future efforts to provide additional funding must remain separate. As you know, I have tried my best but unfortunately there is not yet any success up to now.

My sincerity and loyalty to the Republicans is unchallengeable. I am writing to you to confirm that I shall devote my best for seeking sources to raise money for the Party. However, for the benefit of all concerned, I request you sincerely to instruct your people to continue to repay the loan in accordance with Agreement.

Best regards,

Ambrous Young

0037

0171

YOUNG BROTHERS DEVELOPMENT CO. LTD.

DATE: 7-7-96
2:46 p.m.

7th Floor, Harcourt House
39 Gloucester Road
Hong Kong

Telephone 852-2598-6632 (General)
Facsimile 852-2598-0575 (Chairman & CEO)
852-2598-5109 (Aviation & Bus.Dev.)
852-2528-3012 (Finance & Adm.)

FAX TRANSMISSION COVER SHEET

TO: Mr. Benton Becker, fax 1 305 662 9276
c.c. Mr. Steve Richards, fax 1 202 342 0650
Mr. Richard Richards, fax 1 801 399 9954

SUBJECT: Letter of June 28, 1996 to HB

DATE: July 1, 1996

FROM: Ambrous Young

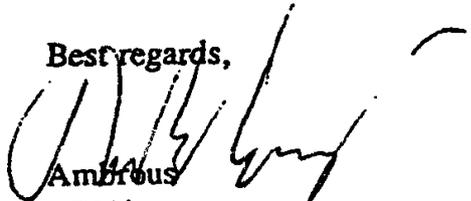
OUR REF. NO.: FAX/444/96

COVER SHEET + PAGES TO FOLLOW = cover only

Dear Benton:

Your proposed draft is too professional compared with mine, therefore, I have DHL'd my original letter to Steve Richards for his delivery to HB.

Best regards,


Ambrous
ATY/aw

c.c. Dick Richards

Note to Steve Richards: On receipt of the original letter, please have it delivered to HB. Thanks.

0038

0172

TAIWAN

SINGAPORE

HONG KONG

AUSTRALIA

UNITED STATES

AMBROUS YOUNG

7th Floor, Harcourt House
39 Gloucester Road
Wanchai
HONG KONG

TEL: (852) 2598 6695 (direct)
TEL: (852) 2598 6632 (general)
FAX: (852) 2598 0575/ 2598 5109

OUR REF: FAX/438/96

June 28, 1996

Honourable Haley Barbour
FAX: 1 202 863 8774

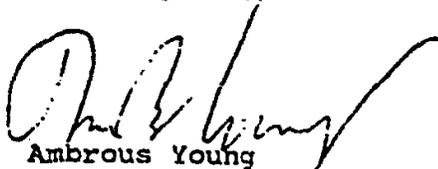
Dear Haley:

Mr. Richard Richards and Mr. Benton Becker reported to me that you are unwilling to make the payment according to the Loan Agreement of October 7, 1994 for which I am indeed concerned.

It is true that you have expressed to me the difficulties for the Forum to repay the loan to us, and it is also true I have stated to you that the agreed loan should be cleared for various reasons. If you do need additional funding, we shall try to look into the possibility of raising the money. However, these two issues must remain separate. As you know, I have tried my best but unfortunately there is not yet any success up to now.

My sincerity and loyalty to the Republicans is unchallengeable. I am writing to you to confirm that I shall devote my best for seeking sources to raise money for the Party. However, for the benefit of all parties concerned, I request you sincerely to instruct your people to continue to repay the loan in accordance with the Agreement.

Best regards,



Ambrous Young

ATY/aw

0039
0173

2
Frederick W. Volcansek, Sr.

Wednesday, July 10, 1996

Mr. Haley Barbour
Chairman
National Policy Forum
Fax: 202-863-8774

EXHIBIT <i>Order 43</i>
Date: <i>6/13/97</i>
Reporter: David A. Kasdan, RPR

Dear Haley,

I hope that you and Marsha had a most pleasant Fourth of July Celebration. Gailyn and I spent it with a part of our family out on the Mall watching the spectacular fireworks demonstration. The whole celebration reminded me once again of how glad I am to be an American.

Although I am spending most of my time in Brazil on behalf of Bob Mosbacher's business interests, I see you periodically on CNN "preaching truth and wisdom." I know you are working hard, and I send you my best wishes for the Party's success.

I regret that I must call your attention to this matter, once again, however last month, I called John Bolton about the issue of closing out the NPF's financial obligation to me. The National Policy Forum has not paid me the final payment of \$ 5,000, due in December, 1995. I have tried to be patient, since I recognize how difficult it has been for the NPF to raise money, and I did not want to make an issue of it.

I suggested to John Bolton that even though our contract has expired, I was still trying to be helpful to NPF's cause through my continued efforts to work with Ambrous Young. I was subsequently shocked to learn that John had said to Benton Becker that I was trying to arrange a "large fee" for myself for my assistance in working with Ambrous Young.

I have never asked for any money except for the six \$ 5,000 payments which were in accordance with our written agreement of July 13, 1995, and of which only one remains. For my efforts with Ambrous Young, you know that I have only requested one of your limited "pairs of Reagan Cuff Links."

In the early days of the Spring of 1994, our goal to get a "loan guarantee of over \$ 2,000,000 for the NPF was realized in less than six months. My efforts with the Telecommunications Conference, both in fund raising and my assistance in establishing the program are held with pride.

Some how, John has forgotten my efforts to successfully get nearly

EXHIBIT
Richards No. 15
Emma N. Lynn, Reporter *6/10/97*

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\$ 250,000 from the "Baby Bells", Ogden Corporation and the Reinsurance Industry Association. Since you, Don Fierce and I negotiated my financial arrangement, I am distraught to think that anyone could misconstrue my good intentions.

I am devastated, now that I am "gone" from Washington, D.C. in pursuit of new opportunities, that I could be so badly maligned. I sincerely hope that you will straighten out this issue with John Bolton and clear my name. I have the fondest memories of my efforts in working with you, Don Fierce and Dan Denning.

I look forward to your earliest response to this matter, since I have nothing but the highest regards for our joint efforts. Again, I regret that this matter should even exist.

Sincerely,

Fred

cc Dan Denning 202-466-3801
Don Fierce 202-298-9109

bcc Benton Becker 305-662-9276
Steve Richards 202-342-0650

LAW OFFICES OF

BENTON L. BECKER

CORAL GABLES, FLORIDA

THE KENDAR BUILDING
1550 MADRUGA AVENUE
SUITE 329
CORAL GABLES, FLORIDA 33146
13051 662-4099

BAR MEMBER OF
WASHINGTON D.C., MARYLAND AND FLORIDA

TELEFAX: 13051 662-9278

WASHINGTON, D.C.
RICHARD RICHARDS
1025 THOMAS JEFFERSON ST., N.W.
SUITE 105
WASHINGTON, D.C. 20007
(202) 342-9610

OF COUNSEL
RICHARD M. HABER
TAMPA, FLORIDA

July 15, 1996

David Norcross
1156 15th Street, N.W.
Suite 550
Washington, D.C. 20005

Re: National Policy Forum's outstanding
loan from the Signet Bank

Dear David:

I write on behalf of YBD (USA) Inc. to respectfully request that at the scheduled mid-August 1996 meeting of the Republican National Committee (RNC), Chairman Haley Barbour seek and obtain National Committee authorization to serve as the sole guarantor for the outstanding balance of approximately \$1,500,000.00 on the Signet Bank loan to the National Policy Forum; and concurrently thereby obtain Signet Bank's release of YBD (USA)'s, Inc. certificates of deposit initially placed as collateral for the NPF loan.

Sincerely,

Benton L. Becker
Benton L. Becker

BLB:jef

cc: Mr. Ambrous Young
Richard Richards
Stephen Richards

EXHIBIT
Becker 45
Date: *6/3/97*
Reporter: David A. Kasdan, RPR

0043

0177

EXHIBIT
Richards No 17
Emma N. Lynn, Reporter *6/10/97*

BENTON L. BECKER

CORAL GABLES, FLORIDA

OF COUNSEL
RICHARD M. HABER
TAMPA FLORIDA

THE KENDAR BUILDING
1350 MADRUGA AVENUE
SUITE 329
CORAL GABLES, FLORIDA 33146
(305) 662-4099

BAR MEMBER OF
WASHINGTON D.C. MARYLAND AND FLORIDA

TELEFAX (305) 662-8278

WASHINGTON, D.C.
RICHARD RICHARDS
1025 THOMAS JEFFERSON ST. N.W.
SUITE 108
WASHINGTON, D.C. 20007
(202) 342-8810

MEMO TO: Ambrous T. Young
FROM: Benton L. Becker
RE: Signet Bank National Policy Forum Loan Guarantee
DATE: August 1, 1996

The enclosed responsive correspondence from David Norcross, RNC General Counsel, was received today advising that National Policy Forum (NPF) Executive Director John Bolton will be directed to submit the matter of YBD (USA), Inc.'s outstanding loan guarantee of the NPF Signet Bank's loan to the Budget Committee of the Republican National Committee in San Diego. In my letter of July 15, 1996 to Mr. Norcross (referenced in attached), I urged the RNC (and in particular HB) to do what had been promised in an HB correspondence to me one year ago; to wit, that should the NPF default in its payments to Signet, the RNC would obtain Budget Committee authorization to guarantee the NPF loan, and thereby release YBD (USA) from its loan guarantee obligation.

It is my understanding that Dick will attend the San Diego convention. He is, of course, quite familiar with this controversy. I have asked him to monitor the San Diego Budget Committee proceeding as it pertains to this matter.

cc: Richard Richards
Steve Richards



Republican
National
Committee

David A. Norcross
General Counsel

July 29, 1996

Benton L. Becker, Esq.
The Kendar Building
1550 Madruga Avenue
Suite 329
Coral Gables, FL 33146

Re: National Policy Forum

Dear Benton:

Thank you for your letter of July 15, 1996. It is our intention to suggest to John Bolton, Executive Director of NPF, that he submit the matter to the Budget Committee at the San Diego meeting for consideration of the authorization suggested in your letter.

Yours very truly,

David A. Norcross

LAW OFFICES OF

BENTON L. BECKER

CORAL GABLES, FLORIDA

THE KENDAR BUILDING
1350 MADRUGA AVENUE
SUITE 329
CORAL GABLES, FLORIDA 33146
(305) 662-4099

BAR MEMBER OF
WASHINGTON D.C., MARYLAND AND FLORIDA

TELEFAX (305) 662-9276

OF COUNSEL
RICHARD M. MADER
TAMPA, FLORIDA

WASHINGTON, D.C.
RICHARD RICHARDS
1025 THOMAS JEFFERSON ST., N.W.
SUITE 105
WASHINGTON, D.C. 20007
(202) 342-9610

August 29, 1996

David Norcross
1156 15th Street, N.W.
Suite 550
Washington, D.C. 20005

Re: National Policy Forum's
outstanding obligation to Signet Bank

Dear David:

Ambrous Young, Dick Richards and I have been advised that at the behest of RNC Chairman Haley Barbour, John Bolton, Chairman of the National Policy Forum (NPF), appeared before a meeting of the Budget Committee of the RNC and requested Budget Committee's authorization to have the RNC replace Young Brothers Development (USA) (hereafter YBD) as the guarantor of a series of outstanding Signet Bank loans to the National Policy Forum, which loans currently maintain an outstanding principal balance of approximately \$1,250,000.00. If Chairman Barbour's request had been authorized by the Budget Committee, and thereafter approved by the Signet Bank, YBD would have been released from its guarantor position on the outstanding NPF/Signet Bank loans and concurrently, would have been able to retrieve its (YBD's) gratuitous loan collateral held by the Signet Bank.

To our collective surprise, and disappointment, Mistery Young, Richards and I were informed that the RNC Budget Committee "tabled Mr. Bolton's request until after the November 1996 election." (Dick Richards, as you know a former RNC Chairman himself, commented to Mr. Young and me that he could not recall any past instance of a Budget Committee's refusal of a request from an RNC Chairman.)

Since the close of the Republican National Convention, Dick Richards has attempted to make telephone contact with Mr. Bolton on ten separate occasions. Ten times! Each time, he has been told that Mr. Bolton is either not available or "in a meeting". Given such unwarranted rudeness to a former Chairman, this matter has been turned over to me with instructions to take those steps necessary to protect YBD's interest.

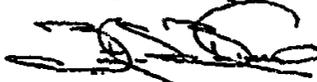
0046

0180

Mr. David Norcross
August 29, 1996
Page -2-

Initially, I request confirmation in writing of the RNC's prospective intention to honor, or to decline to honor, its obligation to YBD. Further, I am constrained to request an in-person meeting with Chairman Barbour and you to discuss this matter before September 20, 1996. Should we fail to reach a satisfactory accord by that date, other individuals will be engaged to proceed thereafter.

Sincerely,



Benton L. Becker

BLB:jef

cc: Mr. Ambrous Young
Mr. Richard Richards
Mr. Haley Barbour

0047

0181

04.04.396.0594

End. 2, 96

NATIONAL POLICY FORUM - USD2,100,000.00 PRINCIPAL

Schedule Date	Actual Rec'd Date	Total Amount Rec'd	Principal	Interest
April, 95	02-May-95	195,705.73	191,000.00	4,705.73
July, 95	05-Aug-95	198,010.18	191,000.00	7,010.18
October, 95	21-Nov-96	201,636.70	191,000.00	10,636.70
		595,352.61	573,000.00	22,352.61
January, 96	Agreed to push back this payment at the end			
April, 96	Intent to default 25-May-96	14,426.02	-	14,426.02
		14,426.02	-	14,426.02
TOTAL		609,778.63	573,000.00	36,778.63

CURRENT OUTSTANDING PRINCIPAL BALANCE IS 1,527,000.00

SHEA & GARDNER
1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036

(202) 828-2000
TELECOPIER: (202) 828-2195

September 11, 1996

ERIC C. JEFFREY
ROBERT B. WASSERMAN
BERNICE M. BLAIR
ANNE R. BOWDEN
LISA A. LANDSMAN
CYNTHIA GURNEE PUGH
DANA J. MARTIN
J. BRADFORD WIEGMANN
LLOYD D. COLLIER
VALERIE E. ROSS
MICHAEL K. ISENMAN
MARTHA HIRSCHFELD
AMY HORTON
DAVID J. KATZ
CELESTINE R. MCCONVILLE

KIM E. DETTELBACH
SUSAN L. PACHOLSKI
JAMES R. BRANSON
WEATHER H. ANDERSON*
JOLYNN CHILDERS DELLINGER
ERIKA K. SHIGER*
REENA H. GLAZER
DAVID ALLEN GRAFF*
JULIE FURR YOUNGMAN
JODI L. SHORT*
ELIZABETH A. ROBISCHON*
A. CHRISTOPHER BRYANT*
HOWARD R. RUBIN*
DONALD J. MUNRO*

*NOT ADMITTED IN D.C.

FRANCIS M. SHEA (1903-1989)
WARNER W. GARDNER
LAWRENCE J. LATTO
RICHARD T. CONWAY
ROBERT T. BASSECHES
BENJAMIN W. SOLEY
RALPH J. MOORE, JR.
MARTIN J. FLYNN
STEPHEN J. POLLAK
DAVID BOOTH BEERS
ANTHONY A. LAPHAM
RICHARD M. SHARP
JOHN O. ALDOCK
WILLIAM S. MOORE
JOHN TOWNSEND RICH
JAMES R. BIEKE
I. MICHAEL GREENBERGER
R. JAMES WOOLSEY
FREDERICK C. SCHAFFRICK
OF COUNSEL
WILLIAM H. DEMPSEY
BARBARA L. KIRSCHEN

DAVID B. COOK
STEPHEN J. MADLEY
WILLIAM R. GALEOTA
PATRICK M. MANLON
TIMOTHY K. SHUBA
JAMES R. BIRD
MICHAEL S. GIANNOTTO
JEFFREY C. MARTIN
WILLIAM R. MANLON
ELIZABETH RYNYAN GEISE
COLLETTE C. GOODMAN
JULIE M. EDMOND
LAURA S. WERTHEIMER
RICHARD M. WYNER
THOMAS J. MIKULA
EUGENIA LANGAN
NANCY B. STONE
CHRISTOPHER E. PALMER
MARK S. RAFFMAN

John R. Bolton
National Policy Forum
229 1/2 Pennsylvania Avenue, S.E.
Washington, D.C. 20003

BY CERTIFIED MAIL

Re: October 13, 1994, Credit and Security Agreement between National Policy Forum (the "Borrower") and Signet Bank (the "Bank"), as amended (the "Credit Agreement"), and October 13, 1994 Promissory Note issued by the Borrower to the Bank, as amended (the "Note")

Dear Mr. Bolton:

I am counsel for the Bank in connection with the referenced Note and Credit Agreement evidencing the Bank's loan to the Borrower in the current outstanding principal amount of \$1,336,000.00 (the "Loan"). The Loan is secured by Certificates of Deposit pursuant to Assignments of Deposit (the "Assignments") dated October 13, 1994, from USA Young Brothers Development, Inc. (the "Assignor") to the Bank.

I have been instructed by the Bank to give notice to the Borrower of the occurrence of Events of Default, under and as defined in the Agreement and the Note, including without limitation the following:

- (1) Default, uncured within 60 days, in payment of interest due and payable on June 30, 1996; and
- (2) The Bank has determined that there has occurred a material adverse change in the financial condition of the Borrower that causes the prospect of payment of the Note to be impaired.

EXHIBIT <i>Re: 47</i>
Date: <u>10/3/97</u>
Reporter: David A. Kasdan, RPR

EXHIBIT
Richard No. 19
Emma N. Lynn, Reporter *6/15/97* 0050
0186

John R. Bolton
September 11, 1996
Page 2

The foregoing Events of Default are based upon information available to the Bank at this time, and the listing does not purport to be complete or exclusive.

As a result of the Events of Default stated above and pursuant to the Bank's right under the Agreement to demand immediate payment of all indebtedness under the Note upon the occurrence of any Event of Default, I hereby declare on behalf of the Bank the entire outstanding principal balance under the Agreement and the Note in the amount of \$1,336,000.00, plus accrued and unpaid interest thereon, immediately due and payable, and we demand immediate payment to the Bank. Accrued and unpaid interest as of the date of this letter is in the amount of \$27,985.23.

This letter, by copy thereof to the Assignor, will further provide notice that, if full payment of all indebtedness under the Agreement and the Note is not received by the Bank within 10 days from your receipt of this letter, then the Bank intends to exercise its rights and remedies under the Credit Agreement and the Assignments, including without limitation, its rights to cash in the Certificates of Deposit securing the Loan and assigned by the Assignor to the Bank and to apply the proceeds thereof, including without limitation all accrued interest, against any and all of the Borrower's obligations under the Credit Agreement and the Note. In addition to payment of principal and interest, such obligations may include, without limitation, late fees and attorneys fees as provided in the Credit Agreement.

The Bank reserves all of its rights and remedies under the Credit Agreement, the Assignments, and under all applicable laws, including without limitation the Uniform Commercial Code as enacted in Virginia.

Sincerely,



Timothy K. Shuba
Counsel for Signet Bank

cc: (By certified Mail) Benton L. Becker, Young Brothers Development, Ltd. (USA)
Thomas Josefiak, Republican National Committee
John Bredin, Signet Bank

0051
0187

LAW OFFICES OF RICHARD RICHARDS

2800 WASHINGTON BLVD.
SUITE 300
OCEAN, NJ 08402
PHONE (908) 399-9910
FAX (908) 399-9954

RICHARD RICHARDS
OWNER
TEAM BUILDING SERVICES

100% THOMAS JEFFERSON ST., NW
SUITE 102
WASHINGTON, DC 20007
PHONE (202) 342-9619
FAX (202) 342-0650

OFFICIAL
NOTARIAL RECORD
STATE OF MARYLAND

EXHIBIT

Richards No. 20
Emma N. Lynn, Reporter 6/10/97

September 17, 1996

The Honorable Haley Barbour
Chairman
Republican National Committee
310 First Street, S.E.
Washington, DC 20003

EXHIBIT
Becker 51
Date: *6/13/97*
Reporter: David A. Kasdan, RPR

Dear Mr. Chairman:

Congratulations on a successful convention. I was there but did not make it a point to see you because I know you are under a great deal of pressure during the convention time. I have attempted to contact John Bolton on several occasions but we were never able to communicate.

I have recently heard from Mr. Young in Hong Kong and needless to say, he is somewhat distressed about the non-payment by the Forum. He has advised us that you have stated you were led by me to believe that payment was not necessary. The bank has subsequently given us notice that they are now going to claim the entire debt in default and utilize our security to pay it in full.

The following is my understanding of exactly what has transpired in this whole transaction:

Just prior to the elections of 1994, I was asked by Fred Volcansek to help facilitate a loan in excess of \$2 million to assist you in replacing hard money at the Forum with soft money so that the hard dollars could be used to help pick up 60 targeted House seats.

As a result of Fred's request, I contacted Mr. Ambros Young and asked him if he was interested in that kind of assistance for the Party. You and I then had several discussions concerning a loan guarantee by Mr. Young.

Funds were transferred from Hong Kong to Young Brother USA, a Florida corporation of which I am the President. Shortly after the loan was made, you journeyed to Hong Kong and approached Mr. Young for the first time about the question of forgiveness of the loan. Mr. Young called me and told me of the discussion and

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informed me that he wanted to be as helpful to you as he could and he would take the request of forgiveness under advisement.

Mr. Young began discussions with you about a trip to China. One was scheduled, then cancelled, and a second trip scheduled in which you, Mr. Young and I were all to go to China for the purpose of seeing if we could facilitate some business in China that Mr. Young had in mind. It was during those discussions that the question of forgiveness became seriously considered and Mr. Young indicated to both you and me, and you and I also discussed, the possibility of forgiveness if Mr. Young could get some business opportunities that would justify forgiveness of such a large indebtedness. Forgiveness was always contingent upon Mr. Young getting something in return that would justify this kind of a generous gift.

As the payments became due, you then requested forgiveness of individual payments, the first of which Mr. Young refused, but agreed to skip the payment, pay the interest, and put the payment on the back side of the loan, which he did.

As further discussions ensued, you and I spoke again at least a couple of times in which I advised you that Mr. Young still wanted to work something out with you that could result in forgiveness, but he had to have some economically sound reason for doing so; therefore, the quarterly payments should be made. That did not negate the forgiveness of the loan if things could still be worked out.

During our last personal discussion, I advised you that Mr. Young could not forgive the loan for two reasons. First, he did not want to give up a couple million dollars, and second, he was afraid of adverse publicity for himself, his American company and the Forum. During those discussions you made the statement to me in words to the effect, "I will not spend hard dollars to pay off this loan." I responded with words to the effect, "We cannot forgive it, therefore, if you are not going to pay it, you'll simply have to default. We would be better off with you defaulting than us forgiving." I did not say, because I did not have authority to say, "Go ahead and default and we will do nothing." In essence that would be our way of forgiving the loan. I think I did say I doubted Mr. Young would sue you in the event of default, but Mr. Young did not say that, and did not give me authorization to say we wouldn't sue and therefore, go ahead and default and we'll simply walk away.

There cannot be any dispute that this was a loan. Mr. Young made it in good faith to assist you in capturing some targeted Congressional seats. You promised in writing to repay the Note and that if necessary, you would go before the Budget Committee and ask for authorization to borrow money to do so.

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There is no question that it was the intent of Mr. Young to forgive all or part of the Note if he could make economic sense of doing so, but he would have to be the judge of that. I could not; neither could you. In our last discussions, Mr. Young was still trying to make some economic sense out of your trip so that he could be generous with you. Mr. Young has been generous with the Republican Party for several years and would like to continue to do so. He does not want to have unpleasantness between himself and you, as Chairman, and/or the Republican National Committee, but he simply cannot justify writing off a couple million dollars at this stage.

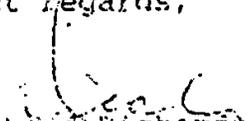
As a result, he has referred this matter back to Mr. Benton Becker, who has acted as his Counsel throughout in the preparation of the agreement, the Promissory Note, etc. I believe it would be most unfortunate if this matter results in bitterness between Mr. Young and you or the Party, and particularly, if there is litigation involved which would obviously be embarrassing to everyone concerned.

I would suggest that something be done by the Forum immediately to avoid taking all of Mr. Young's security at this stage.

I don't know what more can be said. I think I have honestly and accurately stated the situation, but in the final analysis, although there were numerous discussions and it was the intent of Mr. Young to be forgiving of all or part of the obligation, the conditions upon which his forgiveness were based have not come to pass. Therefore, he cannot justify this kind of generosity; particularly, when the monies are not his, but corporate monies that he will personally be responsible to replace.

Please call me. I believe we can still resolve this matter without animosity - it can be a win for both sides.

Best regards,


Richard Richards

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YOUNG BROTHERS DEVELOPMENT CO., LTD.

7th Floor, Harcourt House
39 Gloucester Road
Hong Kong

Telephone 852-2598-6632 (General)
Facsimile 852-2598-0575 (Chairman & CEO)
852-2598-5109 (Aviation & Bus.Dev.)
852-2528-3012 (Finance & Adm.)

FAX TRANSMISSION COVER SHEET

TO: Mr. Richard Richards
c.c. Mr. Benton Becker
b.c.c. Mr. Steve Richards

YOUR FAX NO.: 1 801 399 9954 (Mr. Richards)
1 305 662 9276 (Mr. Becker)

SUBJECT: Loan to the National Policy Forum

DATE: September 17, 1996

FROM: Ambrous Young

OUR REF. NO.: FAX/638/96

COVER SHEET + PAGES TO FOLLOW = 2

EXHIBIT
Richards No 21
Emma N. Lynn, Reporter 6/10/97

EXHIBIT
Becker 52
Date: 6/12/97
Reporter: David A. Kasdan, RPR

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TAIWAN

SINGAPORE

HONG KONG

AUSTRALIA

UNITED STATES

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YOUNG BROTHERS DEVELOPMENT[®] CO., LTD.

7th Floor, Harcourt House
19 Gloucester Road
Hong Kong

Telephone 852-2598-6632 (General)
Facsimile 852-2598-0575 (Chairman & CEO)
852-2598-5109 (Aviation & Bus.Dev.)
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OUR REF: FAX/638/96

September 17, 1996

Mr. Richard Richards
Richard Richards Law Office
2605 Washington Blvd., Ste 300
Ogden, UT84401
U.S.A.
FAX: 1 801 399 9954

Dear Dick:

LOAN TO THE NATIONAL POLICY FORUM

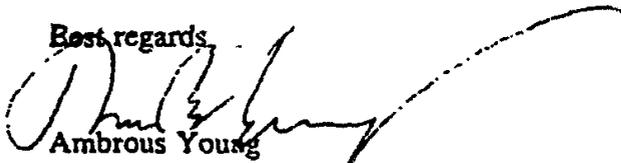
I confirm the receipt of your letter to the Honourable Chairman Haley Barber of which you have stated accurately the history of events and in turn made crystal clear of each individual's position during the period of events. Therefore, I feel that whoever is involved in the decision process of the loan repayment shall no doubt respect the reality with honour.

As you know, I have been a loyal supporter of the Republican Party over the years, and I sincerely hope that my privilege for the continuation of doing so will be allowed without discouragement.

For the above reasons, I request you sincerely as well as Mr. Benton Becker to coordinate or act on our behalf for whatever is necessary and adequate to untangle the existing problem.

As emphasized above, our loyalty to the party as well as to the Honourable Chairman Haley Barbour will remain unchanged.

Best regards



Ambrous Young

ATY/aw

c.c. Mr. Benton Becker, FAX: 1 305 662 9276

b.c.c. Mr. Steve Richards, FAX: 1 202 342 0650

TAIWAN

SINGAPORE

HONG KONG

AUSTRALIA

UNITED STATES

OPERATIONS THROUGHOUT THE ASIA PACIFIC REGION

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LAW OFFICES OF RICHARD RICHARDS

2405 WASHINGTON BLVD.
SUITE 300
CODEN, UT 84401
PHONE: (801) 399-9910
FAX: (801) 399-9954

1025 THOMAS JEFFERSON BLVD.
SUITE 305
WASHINGTON, DC 20004-97
PHONE: (202) 331-9910
FAX: (202) 331-9950

U.S. SENATOR
MEMBER
UTAH AND HAWAII

RICHARD RICHARDS
MEMBER
U.S. HOUSE OF REPRESENTATIVES

U.S. SENATOR
MEMBER
U.S. HOUSE OF REPRESENTATIVES

October 16, 1996

The Honorable Haley Barbour
Chairman
Republican National Committee
310 First Street, S.E.
Washington, DC 20003

Dear Haley:

I am a little surprised and somewhat disappointed that you haven't seen fit to respond to my letter of September 17, 1996.

As I indicated in that letter, I thought there was a way we could work this problem out, but apparently you have no desire to pursue that avenue and therefore, we will simply do what we think is in our best interest.

I believe it is significant that Bob Dole and the Republican Party are now challenging contributions made to the Clinton campaign by Indonesian citizens through an American contact. Obviously, there are some differences between that situation and ours; however, I think we stand the same risk of some very adverse publicity if the loans were forgiven and it therefore became a gift. This is something you ought to consider.

Absent any correspondence from you or any effort to resolve the matter on a more amicable basis, the matter will be left in the hands of Attorney Becker for resolution.

Sincerely,

EXHIBIT
Richards No 22
Emma N. Lynn, Reporter 6/10/97

Richard Richards

Richard Richards

RR/ppc

EXHIBIT
Becker 54
Date: *4/3/97*
Reporter: David A. Kasdan, RPR

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LAW OFFICES OF

BENTON L. BECKER

CORAL GABLES, FLORIDA

THE KENDAR BUILDING
1550 MADRUGA AVENUE
SUITE 215

CORAL GABLES, FLORIDA 33146
(305) 662-4099

BAR MEMBER OF
WASHINGTON D.C., MARYLAND AND FLORIDA

TELEFAX: (305) 662-9276

PETER A. COLLINS

OF COUNSEL
RICHARD M. HABER
TAMPA, FLORIDA

WASHINGTON, D.C.
RICHARD RICHARDS

1025 THOMAS JEFFERSON ST., N.W.
SUITE 109
WASHINGTON, D.C. 20007

M E M O R A N D U M

TO: File
cc: Richard Richards

FROM: Benton L. Becker *[Signature]*

DATE: October 11, 1991

RE: Structure of YBD Investment Vehicle

On this date, I spoke at length with Ambrous Young regarding my review of the records and papers delivered to this office by Alex Courtelis. These records pertained to YBD's forthcoming acquisition of a fifty percent limited partnership interest in a partnership known as River Walk Associates Limited. The River Walk Associates Limited Partnership, developed in June 1988, holds as its sole asset a 207,000 square foot Shopping Center located in Orlando, Florida, currently 87 percent leased. The Courtelis Group owns, developed, built, leases and manages the Center, and, following a fifty percent interest sale to YBD, will remain a 49 percent Limited Partner interest and a one percent General Partner interest.

In early October 1991, YBD agreed to acquire a fifty percent Limited Partnership interest in the River Walk Associated Partnership at a price of \$2,950,000, to assume one half of the liability of an existing \$18 million mortgage on the property, and to receive an eight percent preferential interest of Partnership profits. This commitment was agreed to by Ambrous Young, on behalf of YBD, and Alex Courtelis on October 19, 1991 and has been the subject of my record review calculated to determine the most appropriate, expeditious, desirable method of acquiring and holding the fifty percent Limited Partnership interest on behalf of YBD. This memorandum reposes the history of that evaluation and the determination on that question as concluded this a.m.

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EXHIBIT

Richards No 23
Emma N. Lynn, Reporter 6/16/97

Memo to File
YBD/US
October 11, 1990
Page 2

On October 10, 1991, the Hong Kong law firm of Baker and McKenzie submitted to YBD Comptroller, Nancy Lee, a 13-page opinion memorandum proposing four alternative methods for YBD's acquisition of the limited partnership interest in the Courtelis Shopping Center property, with primary consideration within the memorandum being given to the multiple taxation implications of each alternative. (A copy of the Baker and McKenzie memorandum is contained in our YBD/US file.) In substance, each of the four alternatives suggested required the formation and maintenance of an "offshore corporation," to serve as a conduit between YBD/Hong Kong and its newly established U.S. subsidiary corporation (YBD/US). Each proposal presented financing techniques representing sophisticated tax reduction and avoidance plans, directed primarily toward the potential taxable impact upon the newly formed U.S. corporation when the U.S. corporation attempts to transfer after-tax dollars to YBD/Hong Kong. Assuming the establishment of a U.S. wholly owned (or at least fifty percent owned) subsidiary corporation to YBD/Hong Kong, current taxable implications require the U.S. corporation to retain from 25 percent to 33 percent withholding tax before transmitting after-tax dollars to its parent in Hong Kong. Accordingly, a system of double taxation may be established; i.e. the initial corporate tax on the U.S. corporation for income received and the subsequent withholding tax on the U.S. corporation when, and if, after-tax dollars are transferred to the Hong Kong parent.

The methods suggested in the Baker/McKenzie memorandum, although no doubt sophisticated from a U.S. tax standpoint, were not endorsed by me. This subject, and particularly my reaction to the Baker/McKenzie alternatives, was discussed at length this a.m. with the client. I expressed the view that the Baker/McKenzie methods would: (1) in view of the offshore corporation formation, seem to ensure great IRS scrutiny, with the likelihood of recurring annual audits; and (2) may be erroneously premised on the proposition that YBD/Hong Kong would seek and require the transmittal to Hong Kong of all, or a significant portion of, after-tax dollars from its U.S. subsidiary. If this presumption is inaccurate, then the sophistication of the tax saving devices reflected in the Baker/McKenzie memorandum were not relevant.

Ambrous Young confirmed that the YBD/Hong Kong's receipt of after-tax dollars and profits earned by YBD/US was of little consideration to YBD/Hong Kong. Indeed, Ambrous advised that the Board of YBD/Hong Kong, for multiple reasons, would wish to retain the great majority of YBD/US after-tax profits in the U.S., to, among other things, reinvest such profits in the U.S., engage consultants, employees, etc. both in the U.S. and abroad.

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Memo to File
YBD/US
October 11, 1990
Page 3

Accordingly, given these considerations and the premises recited above, I propose that YBD\Hong Kong's acquisition of the fifty percent limited partnership interest in the Courtelis venture be undertaken as follows:

1. That a new U.S. corporation be formed in the State of Florida, all stock of which would be immediately issued to its parent corporation, YBD/Hong Kong.

2. That the name of the new U.S. corporation shall be YBD (U.S.) Limited, Inc. (YBD/US)

3. That YBD/Hong Kong shall loan the sum of \$2,950,000 to the newly formed YBD/US. Concurrently, YBD/Hong Kong shall transmit the sum of \$250,000 to YBD/US in consideration for YBD/Hong Kong's acquisition of all stock of YBD/US.

4. That YBD/US shall invest \$2,950,000 in the Courtelis venture and acquire in the name of YBD/US the referenced fifty Limited Partnership interest.

5. That Richard Richards shall serve as President of the new corporation and the undersigned shall serve as Secretary/Treasurer. Ambrous Young, or his designee should he elect, will serve as Chairman of the Board of Directors of YBD/US.

6. That Richard Richards and I shall be the required dual signatories on all bank accounts and checks of YBD/US. A third available signatory for the corporate bank accounts may be Nancy Lee. All corporate checks shall be designated to require two authorized signatures.

7. That Richard Richards and I, as Officers and Directors of YBD/US, shall administer YBD/US, pay all taxes, salaries, commissions, credit cards, etc, for which service YBD/US will provide us a salary or annual retainer.

8. That, among other things, YBD/US will serve as the purchasing entity for Team 100 membership for Ambrous Young in the RNC State Committee Association.

9. That YBD/US shall engage Ambrous Young in a salaried capacity and provide to Ambrous Young, and others as deemed appropriate, credit card(s) issued to YBD/US.

Among other matters that require implementation and the formulation are:

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Memo to File
YBD/US
October 11, 1990
Page 4

1. The establishment of the corporate entity in the State of Florida with the Officers and Directors as shown above. (At the conclusion of the day on Friday, October 11, the corporate name of YBD/US was reserved with the Office of the Secretary of State and incorporation papers were prepared for filing.)

2. The establishment of two signature bank account(s) on behalf of YBD/US, in Florida and Washington, D.C. (This will require preliminarily the formation of YBD/US as a legal juristic person and the presentation of Articles of Incorporation and Resolutions of the Board of Directors authorizing the establishment of corporate bank accounts.)

3. The establishment of a license to do business in Washington, D.C. by the Florida foreign corporation, YBD/US.

4. Incorporating minutes of meeting of YBD/US and issuance of stock to YBD/Hong Kong.

5. The recordation of the loan transaction in the amount of \$2,950,000 between YBD/US, as borrower, and YBD/Hong Kong, as lender, the terms of repayment, and the possible inclusion of a proposed 15 percent retained interest by YBD/Hong Kong in all profits of YBD/US, in lieu of interest payments on the loan.

6. Board of Directors recordation and approval of the sale of all stock of YBD/US to YBD/Hong Kong, and the capitalization of YBD/US in the amount of \$250,000.

7. Memorandum reflecting the history of all organizing transactions from Richard Richards and me to the Board of Directors of YBD/Hong Kong.

8. The transmittal of \$100,000 in funds from YBD/US to the appropriate RNC Committee on behalf of Team 100. (Alex has requested that payment occur as follows: \$75,000 to the Republican National States Election Committee (RNSEC) and \$25,000 to the Republican Party of Florida.)

9. The establishment of a U.S. tax number and qualified accounting services on behalf of YBD/US.

10. Review and preparation of the modification language to be added to the River Walk Partnership Agreement now in existence for purposes of transferring interest therein to include YBD/US as

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Memo to File
YBD/US
October 11, 1990
Page 5

a fifty percent Limited Partner. Richard Richards shall execute the newly prepared Partnership Agreement on behalf of YBD/US.

11. A review of YBD/US's potential future acquisition of the Washington, D.C. and Boston, Massachusetts condominiums owned by YBD/Hong Kong.

0062

YOUNG BROTHERS DEVELOPMENT CO., LTD.

23rd Floor, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Telephone 852-598-6632
Facsimile 852-598-5109
852-598-0575
Telex 83516 YBDCL HX

OUR REF: FAX/6555/94

September 26, 1994

Mr. Benton Becker
The Kendar Building
1550 Madruga Avenue
Suite 215
Coral Gables, FL 33146
U.S.A.
FAX: 1 305 662 9276

**COMPANY
SENSITIVE**

Dear Benton:

RNC MATTER

Reference is made to your letter of September 23, 1994 and I confirm our concurrence to the explanation and recommendations you have given and made in your letter. Please proceed with the necessary procedure and in turn let us know what we have to act at our end.

For YBD (USA), I would like you to formally structure the board of directors with account signatories to be changed from the existing arrangement to the signatories both from Hong Kong and USA, and furthermore, let me know whether I could be the chairman and CEO of the company including the signatory rights, or it has to be a U.S. citizen. This is not because of the US\$2.1 million guaranteed loan, but is aimed at developing future business for YBD (USA).

Best regards,

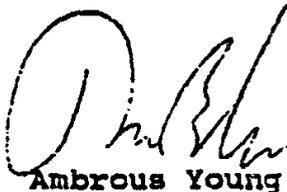
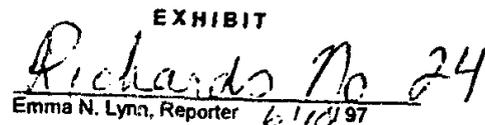

Ambrous Young

EXHIBIT

Emma N. Lynn, Reporter 6/10/97

ATY/aw

c.c. Mr. Richard Richards (with attach.)
Mr. Steve Richards
Mr. Lorin Young
Mr. Steve Young

wt 23

0063

BENTON L. BECKER

CORAL GABLES, FLORIDA

THE KENDAR BUILDING
1550 MADRUGA AVENUE
SUITE 329
CORAL GABLES, FLORIDA 33146
(305) 662-4099

BAR MEMBER OF
WASHINGTON D.C., MARYLAND AND FLORIDA

TELEFAX: (305) 662-9276

OF COUNSEL
RICHARD M. HABER
TAMPA, FLORIDA

WASHINGTON, D.C.
RICHARD RICHARDS
1025 THOMAS JEFFERSON ST., N.W.
SUITE 105
WASHINGTON, D.C. 20007
(202) 342-9610

MEMORANDUM TO: Ambrous Young

CONFIDENTIAL

FROM: Benton L. Becker 

DATE: September 23, 1994

RE: RNC Matter

As per our telephone conversation the evening (EST) of Thursday, September 22, 1994, I submit this memo as an outline of what I consider to be the appropriate procedure to be employed in the matter of YBD (USA) Inc.'s possible guarantee of a \$2.1 million loan made by the National Policy Forum (NPF) from the Signet Bank in Washington, D.C.

These procedures outlined in this memo are calculated to accomplish the following goals:

1. To insure that no arguable violation of US law could result to YBD or its principals, and
2. To secure and reduce the risk of loss to YBD's investment (collateral) during the time period that the loan is in being, and
3. To reduce the length of time (expected at the outside to be six to eight months) YBD will be required to continue to post its collateral as a loan guarantor.

Subject to your final approval and your receipt of a letter of acceptance from an appropriate official, these procedures reflected below would be implemented.

YBD (USA) Inc. would receive a letter from the Chairman of the NPF, Mr. Haley Barbour, containing the following provisions:

1. That the NPF is currently obligated to pay back a loan in the amount of \$2.5 million to the RNC, and
2. That the NPF's obligation to the RNC is in arrears, and

EXHIBIT

Richards No 25
Emma N. Lynn, Reporter 6/12/97

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3. That the NPF intends to borrow \$2.1 million from a Washington, D.C. bank, Signet, and to transfer all of the loan proceeds received to the RNC in partial satisfaction of its (NPF's) debt to the RNC, and
4. That in order to secure a bank loan, it will be necessary for the NPF to obtain a guarantor for its proposed \$2.1 million loan from a D.C. bank and YBD (USA) Inc. has agreed, subject to the terms contained herein, to so serve, and
5. That NPF currently has \$1.5 million in pledges from contributors, which pledges have been identified as to contributor name, amount of pledge and date pledge is to be paid on a confidential exhibit attached to the NPF letter to YBD (USA) Inc. and
6. That as a material term in the loan transaction between the NPF and the Signet Bank, the NPF will irrevocably dedicate and assign all of its current \$1.5 million in pledges to the Signet Bank for repayment and curtailment of the NPF loan, and
7. That the first \$600,000.00 in "new" pledges received by the NPF, following the establishment of the NPF loan with the Signet Bank, will also be irrevocably dedicated and assigned to the Signet Bank for loan payment and curtailment, and
8. That the NPF has represented to YBD (USA) Inc. that in the past years the NPF has always received 100% of all pledges made to it and that the NPF fully expects to receive, and assign to the Signet Bank, all of its current and prospective pledges as described herein, and
9. That prior to the loan transaction, the General Counsel for the NPF will provide a written opinion letter to the General Counsel of YBD (USA) Inc. concluding that YBD (USA)'s service as a loan guarantor for the NPF, as described herein, constitutes no violation of US law, and
10. That the NPF/Signet Bank loan documents will contain acceptable language providing that at any time in the future, the two parties to the loan (NPF and Signet) may mutually agree to replace YBD (USA) Inc.'s loan guarantorship and its collateral with a new mutually agreeable substitute guarantor and substitute collateral.

In my view, the above ten procedural steps, plus my other comments contained herein, provide us with the top security for this loan guarantee.

For your review, I have enclosed a two page announcement published by the Federal Election Commission (FEC) on August 3, 1994. The FEC is the federal agency charged with the responsibility of monitoring and regulating the federal election laws. This publication deals directly with the law's prohibition against foreign nationals being involved in federal elections.

With this in mind, as you have instructed, all considerations have been made to assure that no claim and no violation of law could result from YBD (USA) serving as a loan guarantor. Accordingly, the procedure which could be undertaken between YBD (HK) and YBD (USA) should not be an assignment of an asset, but rather should be a pure loan of \$2.1 million cash to YBD (USA) from YBD (HK), very similar to past loans and loan repayments between the two companies. When received by YBD (USA), YBD (USA) will purchase a \$2.1 million certificate of deposit from the Signet Bank and thereafter use the Signet Bank issued CD to guarantee the Signet Bank loan to the NPF.

I shall await your response before proceeding further on this matter.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

PREPARED REMARKS OF FEC CHAIRMAN TREVOR POTTER

News Conference, August 3, 1994, Washington, D.C.

The Commission is today announcing the result of an investigation into illegal foreign contributions in U.S. elections. Twenty-six illegal contributors have been fined a total of \$162,225. Each of these cases involved an illegal campaign contribution to a U.S. candidate by a foreign national or foreign-owned or registered corporation. All existing recipients of these illegal contributions are receiving admonishment letters from the Federal Election Commission, and are being told to refund or disgorge these illegal funds.

For many years it has been illegal for any foreign national, whether an individual, corporation or government, to make a contribution of money or any other thing of value to any U.S. candidate. This is one of the few prohibitions in the Federal election laws that applies to candidates at every level of government in this country -- state and local as well as federal.

The actions we are announcing today are the result of an intensive investigation by the Commission's Office of General Counsel. This investigation was given high priority by the Commission when we established the enforcement prioritization system last year (December, 1993).

Under our enforcement priority system, each case at the Commission is rated, then assigned to an enforcement track. Cases with high ratings -- because of the large amount of money involved, the seriousness of the violation, or because they fit into an area of particular interest to the Commission -- are put on a fast track, and as soon as possible are given the staff resources and attention necessary to speedily investigate the matter.

One area of particular concern for the Commission has been illegal foreign contributions. In 1991, at Commissioner (John) McGarry's urging, the Commission considered issuing more restrictive rules on foreign contributions. After reviewing the issue, the Commission decided to keep its existing rules but to make them an enforcement priority.

2/Potter remarks

We believe it is especially important that candidates, foreign nationals, and the U.S. public all understand that foreign political contributions are expressly prohibited by law, for all elective offices in all 50 states. Only United States citizens or persons admitted to permanent residency in the U.S. (green card holders) may contribute to U.S. candidates or political committees.

There are special rules for U.S. subsidiaries of foreign corporations, so that no foreign money is used to run any political action committees (PACs) they establish, and no foreign nationals are involved in any way in contributions by such PACs.

The matter we are releasing today involves Hawaiian candidates. We conducted a large-scale investigation, looking at both contributors and recipients, to determine the scale of the problem. In addition to the 26 businesses or individuals who are paying \$162,225 in fines to the U.S. Treasury, we have sent admonishment letters to 23 other contributors; 106 recipient candidates or party committees are also receiving admonishment letters from the Commission as a result of this investigation. These letters request the recipients to disgorge these illegal funds. The appropriate State offices in Hawaii have been notified of these facts.

The illegal foreign contributions in this particular case were primarily from domestic subsidiaries of Japanese business firms, no doubt because of the large financial investment by Japanese interests in Hawaii during the 1980s. However, the Commission's interest in this issue is not limited to Hawaii, and is not focused on any one nationality or ethnic group. This case is important for any state with large levels of foreign residents or business activity. One reason we are highlighting the conclusion of this particular investigation is that we believe the prohibition on foreign contributions is not as widely known and understood as it should be through the United States, and especially in the foreign business community.

As part of the Commission's continuing emphasis on this area of law, we are currently investigating other cases involving allegations of illegal foreign contributions in states other than Hawaii. We cannot discuss the specifics of those cases today, because by law they must be kept confidential until the investigations are concluded. However, we will inform the public when those cases are completed.

#